

The above statement excludes the depreciation reserve created by the Federal management through charges to maintenance during Federal control. That reserve at the termination of Federal control, including adjustments to December 31, 1920, was as below stated:

Steam Locomotives.....	\$184,677.18
Freight-train Cars.....	151,065.63
Passenger-train Cars.....	17,921.52
Work Equipment.....	8,828.98
Total.....	<u>\$362,493.31</u>

This amount has been set up in the corporate accounts as a charge against the Railroad Administration.

REFUNDING AND IMPROVEMENT MORTGAGE BONDS.

There was no change in the situation with respect to the Refunding and Improvement Mortgage Bonds authorized by the stockholders June 29, 1909. The status in that regard at the end of the year was as follows:

Total authorized issue.....	\$21,000,000.00
Issued and sold.....	18,000,000.00
Unissued December 31, 1920.....	<u>\$ 3,000,000.00</u>

EQUIPMENT TRUSTS.

Equipment Trust No. 34, covering locomotives and freight-train cars previously assigned to your Company by the Railroad Administration, was entered into with the Director General as of January 15, 1920. The equipment so acquired, the cost so far as ascertained at the end of the year, and the equipment trust notes issued in connection therewith, are set forth below:

3 Pacific Type Locomotives.....	\$153,764.64
200 50-ton Composite Gondola Cars.....	531,645.22
100 40-ton Box Cars.....	281,823.98
	\$967,233.84
Less Cash payment.....	13,233.84
Balance represented by 15 Temporary Equipment Gold Notes for \$63,600.00 each, bearing interest at 6 per cent. per annum, and maturing in equal annual instalments during 15 years.....	<u>\$954,000.00</u>

The aggregate face amount of Equipment Trust Notes outstanding December 31, 1920, was:

Series "D," dated December 15, 1912.....	\$620,000.00
Paid during the year.....	124,000.00
	\$496,000.00
Trust No. 34, dated January 15, 1920.....	954,000.00
Total.....	<u>\$1,450,000.00</u>

ADDITIONS AND BETTERMENTS.

Net expenditures were made from current funds for Additions and Betterments to road and equipment in the amounts following:

For Road.....	\$555,001.94
For Equipment.....	Cr. 37,570.88
Total Additions and Betterments.....	<u>\$517,431.06</u>

A classified schedule of such expenditures is presented in the statistical section of this report.

The bridges, trestles and culverts of your road were improved by increasing the length of steel bridges from 23,058 feet to 23,203 feet; by increasing the length of trestles from 64,356 feet to 64,768 feet, to enlarge waterways; increasing the number of stone and concrete culverts from 703 to 705; increasing the number of cast iron pipe culverts from 603 to 606, and by increasing the number of concrete pipe culverts from 134 to 146. A table showing the progressive improvements made in bridges and culverts from June 30, 1900, to December 31, 1920, appears in the statistical section.

The work of widening cuts and fills to standard specifications was carried forward. Expenditures for that purpose were made in the amount of \$1,815.61.

The ballasting was reinforced in various locations at a cost of \$1,547.33. The condition of your main line with respect to ballast as of date December 31, 1920, was as below:

Section of 6 inches or more under ties.....	697.85 miles
Section of less than 6 inches under ties.....	79.30 "
	<hr/>
Total main line mileage owned.....	777.15 miles
	<hr/>

No new rail was laid during the year in substitution for lighter sections. The weights of rail in your main line as of December 31, 1920, including adjustments for previous measurements, were as follows:

Rail weighing 85 pounds per yard.....	698.93 miles
Rail weighing 80 pounds per yard.....	73.71 "
Rail weighing less than 80 pounds per yard.....	4.51 "
	<hr/>
Total main line mileage owned.....	777.15 miles
	<hr/>

Work upon the schedule for the reinforcement of track through the application of tie plates, with a view to stability, permanence, and economy of maintenance, was continued, the sum expended for this purpose being \$30,421.46.

New station buildings, required by public authority or made necessary by the demands of traffic, have been erected at the following locations. The expenditures for these facilities made during the year were as below set forth:

Mena, Ark.....	\$44,552.75
Vivian, La.....	30,566.54
Fisher, La.....	8,393.88
	<hr/>
Total.....	\$83,513.17
	<hr/>

The expenditures for additions and betterments include the cost of a number of new sidings to serve industries not heretofore reached by your tracks, and to accommodate new industries in process of establishment.

The following is a list of such industry tracks, some of which have been completed, and others are in course of construction:

NEW TRACKS TO SERVE NEW INDUSTRIES.

COMPLETED:

Sihler Serum Co.....	Kansas City, Kas.
Geo. Hoyland Flour Co.....	Kansas City, Mo.
American Steel & Wire Co.....	Kansas City, Mo.
McElwain-Barton Shoe Co.....	Kansas City, Mo.
American Asphalt Roof Corp.....	Kansas City, Mo.
National Lumber & Creosoting Co.....	Leeds, Mo.
West Line Rock Co.....	West Line, Mo.
N. & S. Coal Co.....	Mile 78.
Klaner Coal Co.....	Hume, Mo.
Sheridan Coal Co.....	Mile 120.
Fred North.....	Neosho, Mo.
Thompson-Ross Lumber Co.....	Anderson, Mo.
Various Industries.....	Fort Smith, Ark.
LeFlore Glass Co.....	Poteau, Okla.
Heavener Smokeless Coal Co.....	Heavener, Okla.
Ashdown Compress & Warehouse Co.....	Ashdown, Ark.
Futrell Veneer Co.....	Texarkana, Tex.
Ivory Handle Co.....	Texarkana, Tex.
Paramount Petroleum Co.....	Superior, La.
Paramount Petroleum Co.....	North Shreveport, La.
Continental Supply Co.....	Shreveport, La.
C. D. Kalmbach.....	Shreveport, La.
Southern Flour & Feed Co.....	Shreveport, La.
Pelican Well Tool & Supply Co.....	Shreveport, La.
Oil Well Supply Co.....	Shreveport, La.
Flenniken Construction Co.....	Cedar Grove, La.
Frost-Johnson Lumber Co.....	Trenton, La.
Sabine Lumber Co.....	Loring, La.
Weber-King Lumber Co.....	Barham, La.
Lake Charles Naval Stores Co.....	Lansco, La.
Standard Oil Co.....	Leesville, La.
Frank Miller Warehouse.....	Leesville, La.
Lutcher-Moore Lumber Co.....	Lunita, La.
Heisig & Norvell.....	Beaumont, Tex.
Magnolia Petroleum Co.....	Sun, Tex.
Adams-Gorin Co.....	Port Arthur, Tex.

UNCOMPLETED:

North Cherokee Coal Co.....	Worland, Mo.
Independent Rock Co.....	Mile 430.
Willowbrook Brick & Tile Co.....	Mile 550.

NEW TRACKS TO SERVE EXISTING INDUSTRIES.

COMPLETED:

Michael-Swanson-Brady Produce Co.....	Kansas City, Mo.
Speas Vinegar Co.....	Kansas City, Mo.
Black Steel & Wire Co.....	Mile 8.
Blue Jay Coal & Mining Co.....	Worland, Mo.
Southern Sulphur & Acid Co.....	Texarkana, Tex.
Texarkana Compress Co.....	Texarkana, Tex.
Louisiana Oil & Refining Co.....	Gas Center, La.
International Oil & Gas Corp.....	Cedar Grove, La.
The Texas Co.....	Port Arthur, Tex.

UNCOMPLETED:

Bates Smokeless Coal Co.....	Bates, Ark.
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In addition to the foregoing, these new industries have located on existing tracks of the Company:

White Star Gas & Oil Co.....	Kansas City, Mo.
Kansas City Macaroni Co.....	Kansas City, Mo.
Atlas Investment Co.....	Kansas City, Mo.
American Magnestone Corp.....	Kansas City, Mo.
Concrete Steel & Construction Co.....	Joplin, Mo.
DeQueen Potato Co.....	DeQueen, Ark.
Louisiana Iron & Supply Co.....	Shreveport, La.
N. Risinger (Saw Mill).....	Mile 590.

It is worthy of mention that the Caddo Central Oil & Refining Corporation, heretofore operating a small refinery at Cedar Grove, Louisiana, has erected there a much larger additional refining plant, served by its own track.

Improvements to existing equipment, made at a cost of \$76,452.00, consisted mainly in the following:

Locomotives—Application of superheaters, piston valve cylinders, electric headlights, and cabs for head brakemen.
 Freight-train Cars—Application of steel underframes, metal draft arms, metal carlines, and improved draft gears.
 Passenger-train Cars—Application of steel underframes.

FEDERAL VALUATION.

Your Company's valuation case, together with certain other valuation cases, was set down for reargument before the Interstate Commerce Commission on January 7, 1920, and arguments were had at considerable length touching the elements properly to be considered in the valuation of railway properties and the proper weight to be attached to them. It was urged upon the Commission, in behalf of the Company, that its earning power under reasonable rates was entitled to the greatest weight in the determination of its value.

On March 8, 1920, the Supreme Court of the United States decided the Mandamus case brought by the Company against the Interstate Commerce Commission to require the latter, as a part of its valuation proceedings, to ascertain the cost of acquisition by purchase or condemnation of the rights of way and other lands of the Company as of valuation date, June 30, 1914. The decision was in favor of the Company. As required by the decision, the Commission has entered upon the duty of ascertaining the cost of acquisition of carrier lands of the railroads of the country. The Company has submitted to the representatives of the Commission the essential data to enable it to determine the Company's cost of acquisition, and the Commission's report thereon is practically completed. It is expected that the result of this proceeding will be to add from \$4,000,000.00 to \$5,000,000.00 to the land schedules of the Company previously made by the Commission. The Commission has stated its intention to announce a further tentative valuation in the near future, stating the final figure of value, and also stating the excess cost of acquisition of the Company's lands.

On November 15, 1920, the Company's motion for a rehearing in its valuation case was argued by its General Counsel before Director Prouty and other members of the Board of Tentative Valuation. The argument consumed two days and a half, during which various claims of the Company were discussed informally and at length, and it was felt that a clearer understanding of the Company's position was obtained than would have been possible at a more formal hearing.

In view of the fact that the Company's valuation proceeding is in the nature of a pioneer case, in which the rules, principles and methods of railroad valuation are being tried out, it has been necessary to devote considerable time to it. There are many difficult questions connected with railroad valuation which are yet to be solved, and considerable time doubtless will be required for that purpose.

The cost to your Company of Federal valuation to December 31, 1920, is as follows:

	To Dec. 31, 1919	For the Year Ended Dec. 31, 1920	Total
Field work.....	\$ 68,824.72	.....	\$ 68,824.72
Valuation orders, Interstate Commerce Commission.....	21,007.28	.....	21,007.28
Contributions to Presidents' Conference Committee.....	2,311.17	.....	2,311.17
Appraisal of real estate.....	12,351.84	\$ 9,653.04	22,004.88
General and miscellaneous.....	162,743.42	33,776.98	196,520.40
Totals.....	\$267,238.43	\$43,430.02	\$310,668.45

OTHER LEGAL MATTERS.

In addition to the above proceedings, much time has been spent by the Legal Department and other departments in the preparation of statements of the claims of your Company against the Government, growing out of the Federal control of railroads, which continued until February 29, 1920, and also out of the guaranty of one-half of the standard return to the railroads during the period from March 1 to August 31, 1920, provided for in the Transportation Act, 1920. A general statement of the Company's claim growing out of the period of Federal control has been filed, and the detailed claims are in course of active preparation. The statements called for by the Interstate Commerce Commission with regard to operations during the guaranty period have also been filed.

On account of the fact that the statements of the claims against the Government involve many complex factors, such as the rapid increase in the cost of materials and labor due to war conditions, the question of the relative condition in which the property was received by the Director General and turned back by him to the Company, and many other items, the work of computing these statements is one of great difficulty and magnitude.

In connection with this Company's income tax return for the year 1917, the Commissioner of Internal Revenue has raised the question whether the invested capital of the Company is correctly stated in the return, for the purpose of determining its liability for excess profits taxes. Stated briefly, the Commissioner has taken the incomplete Federal valuation figures, and made deductions for borrowed money, and other adjustments, producing, in the opinion of the management, a very erroneous result. The matter was discussed informally by the General Counsel and General Solicitor for the Company with the Commissioner's office on October 26, 1920, and the general subject was discussed in an argument by the representatives of the railroad companies generally on December 6, 1920. It is the expectation that an agreement will be reached with the Commissioner upon some equitable method of determining the invested capital of the Company for purposes of the excess profits tax.

Reference was made in the report for the year ended December 31, 1919, to indictments brought against an oil company and certain railway corporations, including this Company and the Texarkana & Fort Smith, in connection with shipments of unrefined naptha. Indictments against the oil company were tried; the oil company was found guilty on 99 counts and fined \$99,000.00, and the understanding prevails that it is perfecting an appeal. No further steps have been taken in the case against your Companies, and probably will not be until the appeal of the oil company is determined.

The appended balance sheets and statistical statements give full detailed information concerning expenditures for improvements, and the results of operation.

Besides information with respect to the corporate business of your Company, this report contains, for comparative purposes, statistical data which show the operating results obtained under Federal control.

A report, including balance sheet, income account and other pertinent matter, in form prescribed by the Interstate Commerce Commission, has been filed with that body at Washington.

By order of the Board of Directors.

J. A. EDSON,
President.

ACCOUNTS AND STATISTICS

Statements of account furnished by the United States Railroad Administration and appearing in any part of this report are accepted by the corporations at interest subject to verification.

THE KANSAS CITY SOUTHERN RAILWAY COMPANY

Comparative General Balance Sheet, December 31, 1920

ASSETS	DECEMBER 31, 1920	DECEMBER 31, 1919	INCREASE	DECREASE
INVESTMENTS.				
Investment in Road and Equipment.....	\$ 86,592,264.64	\$ 86,074,833.58	\$ 517,431.06	
Deposits in lieu of Mortgaged Property sold.....	38,370.66	13,771.93	24,598.73	
Miscellaneous Physical Property.....	504,607.07	452,736.75	51,870.32	
Investments in Affiliated Companies:				
Stocks.....	2,260,416.53	2,260,416.53		
Bonds.....	18,062,344.27	18,062,344.27		
Notes.....	18,650.90	18,636.90	14.00	
Advances.....	1,617,635.82	1,390,485.85	227,149.97	
Other Investments:				
Stocks.....	13,535.18	13,535.18		
Bonds.....	21,498.72	21,498.72		
Notes.....	28,227.20	28,227.20		
Miscellaneous.....	46,711.30	46,711.30		
U. S. Liberty Loan Bonds:				
Unpledged.....		500,000.00		\$500,000.00
Pledged to secure Bill payable.....		250,000.00		250,000.00
Total Investments.....	\$109,204,262.29	\$109,133,198.21	\$ 71,064.08	.
CURRENT ASSETS.				
Cash.....	\$ 1,737,867.29	\$ 49,331.15	\$1,688,536.14	
Special Deposits.....	750,834.31	587,188.71	163,645.60	
Loans and Bills receivable.....	12,268.87	64,076.35		\$ 51,807.48
Traffic and Car-service Balances receivable:				
U. S. Government transportation accounts.....	23,206.95	20,682.57	2,524.38	
Other accounts.....	826,387.80	50,534.28	775,853.52	
Net Balance receivable from Agents and Conductors.....	424,836.60		424,836.60	
Miscellaneous Accounts receivable.....	1,086,446.81	150,190.44	936,256.37	
Material and Supplies.....	2,568,179.85		2,568,179.85	
Interest and Dividends receivable.....	9,738.88	9,064.18	674.70	
Other Current Assets.....	562,101.81	39,768.69	522,333.12	
Total Current Assets.....	\$ 8,001,869.17	\$ 970,836.37	\$7,031,032.80	
DEFERRED ASSETS.				
Working Fund Advances.....	\$ 8,519.52	\$ 2,000.00	\$ 6,519.52	
Other Deferred Assets:				
U. S. Government accounts.....	5,722,956.32	5,467,369.52	255,586.80	
Other accounts.....	74,458.27	63,424.14	11,034.13	
Total Deferred Assets.....	\$ 5,805,934.11	\$ 5,532,793.66	\$ 273,140.45	
UNADJUSTED DEBITS.				
Rents and Insurance Premiums paid in advance.....	\$ 21,188.91		\$ 21,188.91	
Property Abandoned chargeable to Operating Expenses.....	451,341.30	\$ 541,638.38		\$ 90,297.08
Other Unadjusted Debits:				
U. S. Government—Accrued Standard Return.....	3,237,876.16	3,522,854.66		284,978.50
U. S. Government—Income Guaranty.....	520,332.31		520,332.31	
U. S. Government—Interest on Additions and Betterments.....	110,097.04		110,097.04	
Other accounts.....	612,976.40	495,744.66	117,231.74	
Total Unadjusted Debits.....	\$ 4,953,812.12	\$ 4,560,237.70	\$ 393,574.42	
Grand Totals.....	\$127,965,877.69	\$120,197,065.94	\$7,768,811.75	

THE KANSAS CITY SOUTHERN RAILWAY COMPANY
Comparative General Balance Sheet, December 31, 1920

LIABILITIES	DECEMBER 31, 1920	DECEMBER 31, 1919	INCREASE	DECREASE
CAPITAL STOCK.				
Common Stock:				
Book Liability..... \$30,000,000.00				
Held by or for Company..... 40,100.00	\$ 29,959,900.00	\$ 29,959,900.00		
Preferred Stock:				
Book Liability..... \$21,000,000.00				
Held by or for Company.....	21,000,000.00	21,000,000.00		
Total Capital Stock.....	\$ 50,959,900.00	\$ 50,959,900.00		
GOVERNMENTAL GRANTS.				
Grants in Aid of Construction.....	\$ 511.70	\$ 511.70		
LONG-TERM DEBT.				
Funded Debt Unmatured:				
First Mortgage 3 Per Cent. Gold Bonds, due April 1, 1950.....	\$ 30,000,000.00	\$ 30,000,000.00		
Refunding and Improvement Mortgage 5 Per Cent. Gold Bonds, due April 1, 1950.....	18,000,000.00	18,000,000.00		
Equipment Trust 5 Per Cent. Gold Notes.....	496,000.00	620,000.00		\$124,000.00
Equipment Trust No. 34, 6 Per Cent. Temporary Gold Notes.....	954,000.00		\$ 954,000.00	
Total Long-term Debt.....	\$ 49,450,000.00	\$ 48,620,000.00	\$ 830,000.00	
CURRENT LIABILITIES.				
Loans and Bills payable:				
U. S. Government.....	\$ 550,000.00	\$ 550,000.00		
Other accounts (Secured by pledge of U. S. Fourth Liberty Loan Bonds).....		250,000.00		\$250,000.00
Traffic and Car-service Balances payable:				
U. S. Government transportation accounts.....	19,203.57	18,507.63	\$ 695.94	
Other accounts.....	991,170.55	54,465.42	936,705.13	
Audited Accounts and Wages payable.....	2,168,973.85	20,536.78	2,148,437.07	
Miscellaneous Accounts payable.....	22,639.56	9,400.42	13,239.14	
Interest Matured unpaid.....	513,670.00	577,715.00		64,045.00
Dividends Matured unpaid.....	4,618.00	3,388.00	1,230.00	
Unmatured Dividends declared.....	210,000.00	210,000.00		
Unmatured Interest accrued.....	311,789.46	252,581.98	59,207.48	
Unmatured Rents accrued.....	11,052.85		11,052.85	
Other Current Liabilities.....	316,804.76	30,848.75	285,956.01	
Total Current Liabilities.....	\$ 5,119,922.60	\$ 1,977,443.98	\$3,142,478.62	
DEFERRED LIABILITIES.				
Other Deferred Liabilities:				
U. S. Government accounts.....	\$ 8,634,089.86	\$ 6,965,369.69	\$1,668,720.17	
Other accounts.....	266,238.54	169,726.08	96,512.46	
Total Deferred Liabilities.....	\$ 8,900,328.40	\$ 7,135,095.77	\$1,765,232.63	
UNADJUSTED CREDITS.				
Tax Liability.....	\$ 550,982.40	\$ 119,458.88	\$ 431,523.52	
Accrued Depreciation—Equipment:				
Accruals during Corporate management.....	385,054.43	211,893.32	173,161.11	
Accruals during Federal control.....	362,493.31	323,406.18	39,087.13	
Other Unadjusted Credits.....	1,534,941.57	1,186,509.61	348,431.96	
Total Unadjusted Credits.....	\$ 2,833,471.71	\$ 1,841,267.99	\$ 992,203.72	
CORPORATE SURPLUS.				
Additions to Property through Income and Surplus...	\$ 96,771.09	\$ 88,830.57	\$ 7,940.52	
Appropriated Surplus not specifically invested.....	189,214.93	191,403.26		\$ 2,188.33
Profit and Loss credit balance.....	10,415,757.26	9,382,612.67	1,033,144.59	
Total Corporate Surplus.....	\$ 10,701,743.28	\$ 9,662,846.50	\$1,038,896.78	
Grand Totals.....	\$127,965,877.69	\$120,197,065.94	\$7,768,811.75	

The above Balance Sheet as at December 31, 1920, in our opinion correctly shows the financial position of The Kansas City Southern Railway Company at that date as an individual Company, subject to such adjustment as may be required in the settlement of U. S. Government accounts, and is included in the Combined Balance Sheet of The Kansas City Southern Railway Company and its Subsidiary Companies.

134 SOUTH LA SALLE STREET, CHICAGO, May 21, 1921.

PRICE, WATERHOUSE & CO., *Chartered Accountants.*

THE KANSAS CITY SOUTHERN RAILWAY COMPANY
TEXARKANA & FORT SMITH RAILWAY COMPANY
Income Account for the Year Ended December 31, 1920

	DEBITS	CREDITS	NET INCOME
FEDERAL CONTROL—January-February, 2 Months.			
OPERATING INCOME.			
Railway Operating Expenses.....	\$ 25,153.25		
Railway Tax Accruals.....	16,542.90		
NONOPERATING INCOME.			
Income from Lease of Road.....		\$ 589,638.11	
Miscellaneous Rent Income.....		6,661.94	
Miscellaneous Nonoperating Physical Property.....		2,481.22	
Income from Funded Securities.....		162.00	
Income from Unfunded Securities and Accounts.....		6,932.79	
DEDUCTIONS FROM GROSS INCOME.			
Rent for Lease of Road.....	19.92		
Miscellaneous Rents.....	36.20		
Miscellaneous Tax Accruals.....	87.87		
Interest on Funded Debt.....	312,552.48		
Interest on Unfunded Debt.....	12,624.58		
Miscellaneous Income Charges:			
Revenues Prior to January 1, 1918.....		481.48	
Expenses Prior to January 1, 1918.....	32,653.07		
Current Charges.....	4,598.60		
Totals.....	\$ 404,268.87	\$ 606,357.54	\$ 202,088.67
GUARANTY PERIOD—March-August, 6 Months.			
OPERATING INCOME.			
Railway Operating Revenues.....		\$10,216,526.82	
Railway Operating Expenses.....	\$ 8,820,913.29		
Railway Tax Accruals:			
War Taxes.....	52,743.96		
Other Taxes.....	438,254.82		
Uncollectible Railway Revenues.....	268.83		
NONOPERATING INCOME.			
Rent from Locomotives.....		25,236.38	
Rent from Passenger-train Cars.....		14,956.84	
Rent from Work Equipment.....		3,436.07	
Joint Facility Rent Income.....		86,588.52	
Income from Lease of Road.....		400.23	
Miscellaneous Rent Income.....		9,766.64	
Miscellaneous Nonoperating Physical Property.....		9,267.33	
Income from Funded Securities.....		498.61	
Income from Unfunded Securities and Accounts.....		24,794.60	
Miscellaneous Income:			
Federal Guaranty of Income.....		1,120,332.31	
Other Miscellaneous Income.....		113,359.03	
DEDUCTIONS FROM GROSS INCOME.			
Hire of Freight Cars—Debit balance.....	351,925.83		
Rent for Locomotives.....	14,519.90		
Rent for Passenger-train Cars.....	38,166.99		
Rent for Work Equipment.....	2,371.64		
Joint Facility Rents.....	123,259.24		
Miscellaneous Rents.....	534.85		
Interest on Funded Debt.....	943,474.17		
Interest on Unfunded Debt.....	21,267.61		
Miscellaneous Income Charges:			
Revenues Prior to January 1, 1918.....	2,704.00		
Expenses Prior to January 1, 1918.....	13,876.18		
Current Charges.....	11,329.71		
Totals.....	\$10,835,611.02	\$11,625,163.38	789,552.36
Carried Forward.....			\$ 991,641.03

THE KANSAS CITY SOUTHERN RAILWAY COMPANY
TEXARKANA & FORT SMITH RAILWAY COMPANY
Income Account for the Year Ended December 31, 1920

	DEBITS	CREDITS	NET INCOME
Brought Forward.....			\$ 991,641.03
CORPORATE MANAGEMENT—September-December, 4 Months.			
OPERATING INCOME.			
Railway Operating Revenues.....		\$ 8,451,761.66	
Railway Operating Expenses.....	\$ 6,205,598.39		
Railway Tax Accruals.....	326,208.04		
Uncollectible Railway Revenues.....	2,157.41		
NONOPERATING INCOME.			
Rent from Locomotives.....		14,981.49	
Rent from Passenger-train Cars.....		12,306.88	
Rent from Work Equipment.....		1,167.09	
Joint Facility Rent Income.....		61,333.56	
Income from Lease of Road.....	104,119.34		
Miscellaneous Rent Income.....	8,571.54		
Miscellaneous Nonoperating Physical Property.....		14,787.50	
Income from Funded Securities.....		1,733.37	
Income from Unfunded Securities and Accounts.....		19,355.85	
Miscellaneous Income.....		4.00	
DEDUCTIONS FROM GROSS INCOME.			
Hire of Freight Cars—Debit balance.....	234,096.08		
Rent for Locomotives.....	10,012.26		
Rent for Passenger-train Cars.....	20,765.32		
Rent for Work Equipment.....	518.53		
Joint Facility Rents.....	81,962.15		
Miscellaneous Rents.....	1,446.10		
Miscellaneous Tax Accruals.....	1,272.65		
Interest on Funded Debt.....	628,250.83		
Interest on Unfunded Debt.....	12,949.17		
Miscellaneous Income Charges:			
Expenses Prior to January 1, 1918.....	5.43		
Current Charges.....	7,085.20		
Totals.....	\$ 7,645,018.44	\$ 8,577,431.40	932,412.96
TOTAL NET INCOME			\$1,924,053.99
DISPOSITION OF NET INCOME.			
Dividend Appropriations of Income:			
Dividends on Preferred Stock.			
No. 52, declared March 16, 1920, payable April 15, 1920.....	\$ 210,000.00		
No. 53, declared June 17, 1920, payable July 15, 1920.....	210,000.00		
No. 54, declared September 21, 1920, payable October 15, 1920....	210,000.00		
No. 55, declared December 21, 1920, payable January 15, 1921....	210,000.00		
Total.....	\$ 840,000.00		840,000.00
INCOME BALANCE TRANSFERRED TO PROFIT AND LOSS.....			\$1,084,053.99

Profit and Loss Account for the Year Ended December 31, 1920

	DEBITS	CREDITS
Credit Balance at beginning of year.....		\$ 9,382,612.67
Credit Balance transferred from Income.....		1,084,053.99
Profit on Road and Equipment sold.....		440.85
Unrefundable Overcharges.....		1,216.09
Donations.....		7,940.52
Miscellaneous Credits.....		17,570.52
Surplus Appropriated for Investment in Physical Property.....	\$ 7,940.52	
Debt Discount Extinguished through Surplus.....	502.96	
Loss on Retired Road and Equipment.....	20,264.94	
Miscellaneous Debits.....	49,368.96	
Credit Balance carried to Balance Sheet.....	10,415,757.26	
Totals.....	\$10,493,834.64	\$10,493,834.64

THE KANSAS CITY SOUTHERN RAILWAY COMPANY
TEXARKANA & FORT SMITH RAILWAY COMPANY
Summary of Income Account for the Year Ended December 31, 1920

OPERATING INCOME.	
Railway Operating Revenues.....	\$18,668,288.48
Railway Operating Expenses.....	15,051,664.93
Net Revenue from Railway Operations.....	\$ 3,616,623.55
Railway Tax Accruals:	
War Taxes.....	\$ 104,449.50
Other Taxes.....	729,300.22
Uncollectible Railway Revenues.....	2,426.24
Total Tax Accruals and Uncollectible Revenues.....	\$ 836,175.96
Total Operating Income.....	\$ 2,780,447.59
NONOPERATING INCOME.	
Rent from Locomotives.....	\$ 40,217.87
Rent from Passenger-train Cars.....	27,263.72
Rent from Work Equipment.....	4,603.16
Joint Facility Rent Income.....	147,922.08
Income from Lease of Road.....	485,919.00
Miscellaneous Rent Income.....	7,857.04
Miscellaneous Nonoperating Physical Property.....	26,536.05
Income from Funded Securities.....	2,393.98
Income from Unfunded Securities and Accounts.....	51,083.24
Miscellaneous Income:	
Federal Guaranty of Income.....	1,120,332.31
Other Miscellaneous Income.....	113,363.03
Total Nonoperating Income.....	\$ 2,027,491.48
Gross Income.....	\$ 4,807,939.07
DEDUCTIONS FROM GROSS INCOME.	
Hire of Freight Cars—Debit balance.....	\$ 586,021.91
Rent for Locomotives.....	24,532.16
Rent for Passenger-train Cars.....	58,932.31
Rent for Work Equipment.....	2,890.17
Joint Facility Rents.....	205,221.39
Rent for Leased Roads.....	19.92
Miscellaneous Rents.....	2,017.15
Miscellaneous Tax Accruals.....	1,360.52
Interest on Funded Debt.....	1,884,277.48
Interest on Unfunded Debt.....	46,841.36
Miscellaneous Income Charges:	
Revenues Prior to January 1, 1918.....	2,222.52
Expenses Prior to January 1, 1918.....	46,534.68
Current Charges.....	23,013.51
Total Deductions from Gross Income.....	\$ 2,883,885.08
Net Income.....	\$ 1,924,053.99

THE KANSAS CITY SOUTHERN RAILWAY COMPANY

TEXARKANA & FORT SMITH RAILWAY COMPANY

Comparative Statement of Expenditures for Additions and Betterments for the Year Ended December 31, 1920

	FEDERAL-CORPORATE 1920	FEDERAL 1919
ROAD:		
Engineering.....	\$ 16,432.79	\$ 17,879.69
Land for Transportation Purposes.....	13,285.16	8,360.30
Grading.....	25,987.55	40,590.78
Bridges, Trestles and Culverts.....	81,848.14	127,327.90
Ties.....	48,825.59	34,317.74
Rails.....	26,579.94	43,907.87
Other Track Material.....	58,234.71	74,861.36
Ballast.....	21,641.08	53,518.92
Track Laying and Surfacing.....	69,227.95	61,962.76
Right-of-way Fences.....	6,681.20	15,754.62
Crossings and Signs.....	6,937.44	6,117.29
Station and Office Buildings.....	106,480.59	45,029.92
Roadway Buildings.....	1,478.00	3,614.29
Water Stations.....	8,821.83	Cr. 1,085.77
Fuel Stations.....	2,114.49	Cr. 6,992.48
Shops and Enginehouses.....	12,070.16	10,120.45
Telegraph and Telephone Lines.....	381.20	161.85
Signals and Interlockers.....	254.38	10,393.51
Miscellaneous Structures.....	5,828.90	.....
Paving.....	839.01	.....
Roadway Machines.....	1,605.39	2,242.18
Assessments for Public Improvements.....	27,589.90	16,448.08
Cost of Road Purchased.....	458.12	.....
Shop Machinery.....	1,291.38	3,476.00
Power Plant Machinery.....	341.54	.....
Total Expenditures for Road.....	\$545,236.44	\$ 568,007.26
EQUIPMENT:		
Steam Locomotives.....	\$ 18,234.41	Cr. \$ 1,858.54
Freight-train Cars.....	Cr. 49,289.44	Cr. 122,014.62
Passenger-train Cars.....	8,726.14	698.94
Work Equipment.....	1,524.17	2,308.08
Payments on Trust Equipment.....	124,000.00	124,000.00
Equipment Trusts.....	843,233.84	Cr. 124,000.00
Equipment assigned by Director General.....	Cr. 984,000.00	984,000.00
Total Expenditures for Equipment.....	Cr. \$ 57,570.88	\$ 863,133.86
GENERAL EXPENDITURES:		
Law.....	\$ 458.78	.....
Interest during Construction.....	9,306.72	\$ 1,768.58
Total General Expenditures.....	\$ 9,765.50	\$ 1,768.58
Grand Totals.....	\$517,431.06	\$1,432,909.70

THE KANSAS CITY SOUTHERN RAILWAY COMPANY
TEXARKANA & FORT SMITH RAILWAY COMPANY
Statement of Improvements in Bridges, Trestles and Culverts,
from June 30, 1900, to December 31, 1920

YEAR	BRIDGES								TRESTLES		CULVERTS		
	STEEL		CONCRETE		WOOD		COMBINATION		WOOD		STONE AND CON- CRETE	CAS T IRON PIPE	CON- CRETE PIPE
	No.	Length	No.	Length	No.	Length	No.	Length	No.	Length	No.	No.	No.
June 30, 1900.....	135	10,283					2	453	882	132,730	16		
June 30, 1901.....	162	13,392					1	156	751	120,193	53	25	
June 30, 1902*.....	199	17,546			1		5	1,066	699	113,634	79	93	
June 30, 1903.....	184	17,323					5	513	691	107,853	337	197	
June 30, 1904.....	196	18,837			5	68	4	357	608	99,758	365	220	
June 30, 1905.....	231	19,225			3	66	3	213	593	96,377	354	233	
June 30, 1906.....	233	19,317					2	166	581	95,707	373	245	
June 30, 1907.....	240	19,390			1	18	2	157	470	86,979	433	282	
June 30, 1908.....	240	19,390			1	18	1	87	445	77,335	478	428	
June 30, 1909.....	245	19,502			1	18	1	87	433	76,218	514	502	
June 30, 1910.....	249	20,657					1	87	402	74,310	564	556	5
June 30, 1911.....	253	21,153					1	87	390	73,670	604	569	61
June 30, 1912.....	257	21,708					1	87	384	71,695	615	561	64
June 30, 1913.....	260	21,738	1	105			1	87	324	64,792	634	563	68
June 30, 1914.....	272	21,886	1	105			1	87	321	64,701	636	570	77
June 30, 1915.....	281	22,124	1	105			1	87	315	63,931	665	577	98
June 30, 1916.....	284	22,281	1	105			1	87	316	64,049	671	580	97
December 31, 1916...	284	22,281	1	105			1	87	315	65,893	675	580	98
December 31, 1917...	289	22,762	2	225			1	87	307	64,786	689	592	118
December 31, 1918...	295	22,851	2	225			1	87	306	64,804	696	593	130
December 31, 1919...	304	23,058	2	225			1	87	309	64,356	703	603	134
December 31, 1920...	314	23,203	2	225			1	87	323	64,768	705	606	146

*Kansas City Suburban Belt R. R. was acquired in 1902.

THE KANSAS CITY SOUTHERN RAILWAY COMPANY

TEXARKANA & FORT SMITH RAILWAY COMPANY

Statement of Equipment Serviceable December 31, 1920

	IN SERVICE DECEMBER 31, 1919			GAINS				LOSSES			TRANSFERRED AS BETWEEN CLASSES		IN SERVICE DECEMBER 31, 1920		
	Owned	Trust Equip- ment	Total	Pur- chased	Re- built	Built	Trust Equip- ment	Sold	Destroyed or Broken Up		From	To	Owned	Trust Equip- ment	Total
									Owned	Trust Equip- ment					
LOCOMOTIVES.															
Passenger.....	24	3	27										24	3	27
Freight.....	109	15	124										109	15	124
Switching.....	29	5	34										29	5	34
Totals.....	162	23	185										162	23	185
PASSENGER EQUIPMENT.															
Coaches.....	29		29										29		29
Chair Cars.....	25		25										25		25
Coach and Baggage Cars..	2		2										2		2
Coach and Mail Cars.....	1		1										1		1
Baggage Cars.....	17		17										17		17
Baggage, Coach and Mail Cars.....	1		1										1		1
Express and Mail Cars....	10		10										10		10
Office and Pay Cars.....	4		4										4		4
Totals.....	89		89										89		89
FREIGHT EQUIPMENT.															
<i>In Commercial Service:</i>															
Box Cars.....	1,903	100	2,003						32		18	2	1,855	100	1,955
Furniture Cars.....	227	97	324						3	1			224	96	320
Stock Cars.....	286		286						3				283		283
Tank Cars.....	100		100								15	20	105		105
Coal Cars.....	297	1,192	1,489				1*	4	71		15	31	238	1,193	1,431
Flat Cars.....	192	197	389						12		6		174	197	371
Vinegar Tank Cars.....		2	2											2	2
Totals.....	3,005	1,588	4,593				1	4	121	1	54	53	2,879	1,588	4,467
Cabooses.....	78		78						1			4	81		81
<i>In Work Service:</i>															
Box Cars.....	268		268						2		4	16	278		278
Water Cars.....	7		7								20	15	2		2
Coal Cars.....	1		1										1		1
Flat Cars.....	80		80			1			2			8	87		87
Ballast Cars.....	42		42						3		2		37		37
Convertible Coal and Ballast Cars.....	130		130								31	15	114		114
Totals.....	528		528			1			7		57	54	519		519
WORK EQUIPMENT.															
Wrecker Bunk.....	1		1										1		1
Outfit Coaches.....	8		8										8		8
Derrick Cars.....	10		10										10		10
Steam Shovels.....	2		2										2		2
Slope Levelers.....	2		2										2		2
Ditchers.....	2		2										2		2
Pile Drivers.....	2		2										2		2
Lidgerwoods.....	7		7										7		7
Totals.....	34		34										34		34
Total Cars.....	3,734	1,588	5,322			1	1	4	129	1	111	111	3,602	1,588	5,190

*Reported destroyed in previous report and reinstated during the year.

THE KANSAS CITY SOUTHERN RAILWAY COMPANY
TEXARKANA & FORT SMITH RAILWAY COMPANY
Description of Steam Locomotives

CLASSIFICATION		TOTAL			
Type	Tractive Power in Pounds	Number	Tractive Power in Pounds	Weight on Drivers in Tons	Weight of Engine and Tender in Working Order—Tons
Passenger.....	20,000 or less	8	140,512	312.20	748.18
Passenger.....	Over 20,000	19	600,852	1,365.25	3,471.17
Totals.....		27	741,364	1,677.45	4,219.35
Averages.....			27,457	62.12	156.27
Freight.....	40,000 or less	42	1,343,247	2,664.00	5,129.56
Freight.....	80,000 or less	75	3,906,090	8,376.51	14,748.44
Freight.....	Over 80,000	7	721,133	1,631.00	2,432.15
Totals.....		124	5,970,470	12,671.51	22,310.15
Averages.....			48,148	102.18	179.92
Switch and Work.....	20,000 or less				
Switch and Work.....	40,000 or less	32	891,562	2,038.20	3,381.50
Switch and Work.....	Over 40,000	2	123,208	339.08	339.08
Totals.....		34	1,014,770	2,377.28	3,720.58
Averages.....			29,846	69.92	109.42
Grand Totals.....		185	7,726,604	16,726.24	30,250.08
Averages.....			41,765	90.41	163.51
Average combined Passenger and Ton Miles per annum per pound of Locomotive Tractive Power owned.....596.39					

THE KANSAS CITY SOUTHERN RAILWAY COMPANY
TEXARKANA & FORT SMITH RAILWAY COMPANY

Description of Passenger-Train Cars

CLASSIFICATION		TOTAL					
Type	Length Over Body End Sills in Feet	Number			Carrying Capacity		Light Wt. in Working Order—Tons
		All Wood	Steel Under- frame	Total	No. of Passen- gers	Tons of Commodi- ties	
Coach or Chair—First Class.....	Less than 60 feet	7	2	9	505	.....	312
Coach or Chair—First Class.....	Over 60 feet	9	13	22	1,377	.....	1,040
Coach or Chair—Second Class or Emigrant..	All	23	.....	23	1,275	.....	660
Coach or Chair and Combination.....	All	4	.....	4	106	.....	123
Business.....	All	1	3	4	.....	.....	249
Total Passenger-Carrying.....	.....	44	18	62	3,263	.....	2,384
Mail, Express and Baggage.....	Less than 60 feet	6	4	10	.....	126	338
Mail, Express and Baggage.....	Over 60 feet	5	12	17	.....	245	789
Total Commodity-Carrying.....	.....	11	16	27	.....	371	1,127
Grand Totals.....	.....	55	34	89	3,263	371	3,511

Average Passenger-train Car Miles per annum per Passenger-train Car owned 73,399

Description of Freight-Train Cars

CLASSIFICATION									TOTAL	
Type	Number of Cars of Marked Capacity in Pounds					Number of Cars and Type of Construction				
	Less than 60,000	60,000 to 80,000	80,000 to 100,000	100,000 to 140,000	Total	All Wood	Steel Under-frame	Total	Light Weight in Tons	Marked Carrying Capacity in Tons
Box.....	128	1,360	1,065	.....	2,553	2,357	196	2,553	44,839	86,535
Stock.....	.....	283	.....	.....	283	283	.....	283	4,627	8,490
Tank.....	.....	.....	97	10	107	.....	107	107	2,527	4,380
Total Closed....	128	1,643	1,162	10	2,943	2,640	303	2,943	51,993	99,405
Gondola.....	.....	5	1,167	260	1,432	111	1,321	1,432	27,873	59,830
Hopper.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Flat.....	20	151	90	197	458	261	197	458	6,512	18,465
Total Open.....	20	156	1,257	457	1,890	372	1,518	1,890	34,385	78,295
All Other.....	2	112	77	42	233*	189	44	233	4,182	8,590
Grand Totals...	150	1,911	2,496	509	5,066	3,201	1,865	5,066	90,560	186,290

Average Net Freight Ton Miles per annum per ton of Freight Car Carrying Capacity owned..... 9,752.57

*Does not include 1 double-end Ballast Distributor in work service.

THE KANSAS CITY SOUTHERN RAILWAY COMPANY
Statement of Investments in Affiliated Companies, December 31, 1920

CHARACTER	SHARES	FACE AMOUNT	PER CENT OF ISSUE	BOOK VALUE
STOCKS:				
The Arkansas Western Railway Co.....	6,500	\$ 650,000.00	100.0	\$ 302,582.20
The Kansas City, Shreveport & Gulf Railway Co.....	3,050	305,000.00	100.0	300,000.00
Texarkana & Fort Smith Railway Co.....	2,000	100,000.00	100.0	100,000.00
The Poteau Valley Railroad Co.....	1,008	100,800.00	100.0	35,000.00
The Maywood & Sugar Creek Railway Co.....	300	30,000.00	100.0	30,000.00
Fort Smith & Van Buren Railway Co.....	120	12,000.00	100.0	12,000.00
Central Railroad of Louisiana.....	50	5,000.00	100.0	1.00
Port Arthur Canal & Dock Co.....	10,000	1,000,000.00	100.0	1,000,000.00
Kansas City Terminal Railway Co.....	1,833 1/4	183,333.33	8.3	183,333.33
The Kansas City, Shreveport & Gulf Terminal Co.....	1,500	150,000.00	100.0	150,000.00
The K. C. S. Elevator Co.....	250	25,000.00	100.0	100,000.00
Joplin Union Depot Co.....	100	10,000.00	25.0	10,000.00
Glenn-Pool Tank Line Co.....	375	37,500.00	75.0	37,500.00
Totals.....	27,086 1/4	\$ 2,608,633.33	.....	\$ 2,260,416.53
BONDS:				
The Kansas City, Shreveport & Gulf Railway Co. First 5's.....		\$ 6,623,000.00	100.0	\$ 8,278,750.00
Texarkana & Fort Smith Railway Co. First 5's.....		5,591,000.00	100.0	6,988,750.00
The Arkansas Western Railway Co. First 5's.....		650,000.00	100.0	100,000.00
Port Arthur Canal & Dock Co. First 5's.....		1,000,000.00	100.0	2,679,156.77
The Kansas City, Shreveport & Gulf Terminal Co. First 4's.....		24,000.00	16.0	15,687.50
Totals.....		\$13,888,000.00	.....	\$18,062,344.27

THE KANSAS CITY SOUTHERN RAILWAY COMPANY
TEXARKANA & FORT SMITH RAILWAY COMPANY
Statement of Expenses for 2 Months Ended February 29, 1920

RAILWAY OPERATING EXPENSES.		
MAINTENANCE OF WAY AND STRUCTURES:		
Superintendence.....		\$ 617.69
TRAFFIC:		
Outside Agencies.....	\$7,997.97	
Stationery and Printing.....	98.37	8,096.34
GENERAL:		
Salaries and Expenses of General Officers.....	\$8,944.87	
Salaries and Expenses of Clerks and Attendants.....	1,356.86	
General Office Supplies and Expenses.....	327.43	
Law Expenses.....	2,428.42	
Stationery and Printing.....	412.64	
Valuation Expenses.....	320.00	
Other Expenses.....	2,649.00	16,439.22
Grand Total Railway Operating Expenses.....		\$25,153.25

Statement of Revenues, Etc., Accrued Prior to January 1, 1918, and Credited by the United States Railroad Administration to the Railway Companies

RAILWAY OPERATING REVENUES.		
TRANSPORTATION—RAIL LINE:		
Freight.....	Dr. \$2,256.55	
Passenger.....	Dr. 3.74	
Switching.....	21.00	Dr. \$2,239.29
INCIDENTAL.....		7.50
NONOPERATING INCOME.		
Rent from Locomotives.....	\$ 10.25	
Rent from Passenger-train Cars.....	Dr. 4.00	
Rent from Work Equipment.....	3.02	9.27
Total Revenues Prior to January 1, 1918.....		Dr. \$2,222.52

THE KANSAS CITY SOUTHERN RAILWAY COMPANY

TEXARKANA & FORT SMITH RAILWAY COMPANY

Statement of Expenses, Etc., Accrued Prior to January 1, 1918, and Charged by the United States Railroad Administration to the Railway Companies

RAILWAY OPERATING EXPENSES.		
MAINTENANCE OF WAY AND STRUCTURES:		
Superintendence.....	\$ 3,573.26	
Roadway Maintenance.....	5,810.40	
Bridges, Trestles and Culverts.....	709.11	
Ties.....	Cr. 2,023.08	
Rails.....	9,287.58	
Other Track Material.....	11,886.38	
Ballast.....	2,138.45	
Track Laying and Surfacing.....	1,333.07	
Right-of-way Fences.....	164.08	
Crossings and Signs.....	Cr. 52.96	
Station and Office Buildings.....	367.87	
Roadway Buildings.....	Cr. 30.92	
Water Stations.....	Cr. 19.72	
Fuel Stations.....	101.00	
Shops and Enginehouses.....	1,359.00	
Telegraph and Telephone Lines.....	44.08	
Signals and Interlockers.....	Cr. .32	
Power Plant Buildings.....	Cr. .06	
Miscellaneous Structures.....	Cr. 2.42	
Roadway Machines.....	Cr. 440.00	
Small Tools and Supplies.....	201.73	
Injuries to Persons.....	52.85	
Stationery and Printing.....	Cr. 69.19	
Maintaining Joint Tracks, Yards and Other Facilities—Dr.....	259.25	\$34,649.44
MAINTENANCE OF EQUIPMENT:		
Shop Machinery.....	\$ 653.91	
Power Plant Machinery.....	44.93	
Steam Locomotives—Repairs.....	8,357.30	
Freight-train Cars—Repairs.....	4,298.13	
Passenger-train Cars—Repairs.....	1,062.19	
Work Equipment—Repairs.....	514.02	
Stationery and Printing.....	Cr. 111.56	14,818.92
TRAFFIC:		
Industrial and Immigration Bureaus.....	Cr. \$ 3.76	
Stationery and Printing.....	Cr. 75.12	Cr. 78.88
Carried Forward.....		\$49,389.48

THE KANSAS CITY SOUTHERN RAILWAY COMPANY

TEXARKANA & FORT SMITH RAILWAY COMPANY

Statement of Expenses, Etc., Accrued Prior to January 1, 1918, and Charged by the United States Railroad Administration to the Railway Companies

RAILWAY OPERATING EXPENSES—Continued.		
Brought Forward.....		\$49,389.48
TRANSPORTATION—RAIL LINE:		
Superintendence.....	\$ 3.49	
Dispatching Trains.....	.76	
Station Employees.....	Cr. 452.85	
Weighing, Inspection and Demurrage Bureaus.....	33.42	
Station Supplies and Expenses.....	173.89	
Fuel for Yard Locomotives.....	Cr. 1,654.49	
Lubricants for Yard Locomotives.....	30.55	
Other Supplies for Yard Locomotives.....	64.70	
Enginehouse Expenses—Yard.....	704.53	
Yard Supplies and Expenses.....	24.34	
Operating Joint Yards and Terminals—Dr.....	459.64	
Fuel for Train Locomotives.....	Cr. 7,361.81	
Lubricants for Train Locomotives.....	176.13	
Other Supplies for Train Locomotives.....	158.15	
Enginehouse Expenses—Train.....	1,427.03	
Train Supplies and Expenses.....	956.58	
Crossing Protection.....	.87	
Telegraph and Telephone Operation.....	1.58	
Stationery and Printing.....	Cr. 571.57	
Other Expenses.....	720.75	
Insurance.....	28.27	
Clearing Wrecks.....	.68	
Damage to Property.....	5.00	
Damage to Live Stock on Right of Way.....	113.40	
Loss and Damage—Freight.....	1,900.81	
Loss and Damage—Baggage.....	Cr. 75.00	
Injuries to Persons.....	644.90	Cr. 2,486.25
GENERAL:		
Law Expenses.....	\$ 235.76	
Stationery and Printing.....	Cr. 147.77	
Other Expenses.....	235.76	323.75
TRANSPORTATION FOR INVESTMENT—Cr.....		883.10
UNCOLLECTIBLE RAILWAY REVENUES.....		334.09
DEDUCTIONS FROM GROSS INCOME.		
Hire of Freight Cars—Debit balance.....	Cr. \$ 1,199.73	
Joint Facility Rents.....	1,036.44	Cr. 163.29
Total Expenses Prior to January 1, 1918.....		\$46,534.68

UNITED STATES RAILROAD ADMINISTRATION

KANSAS CITY SOUTHERN RAILROAD TEXARKANA & FORT SMITH RAILROAD

Comparative Statement of Revenues and Expenses for 2 Months Ended February 29, 1920

	FEDERAL 1920	FEDERAL 1919
RAILWAY OPERATING REVENUES.		
TRANSPORTATION—RAIL LINE:		
Freight.....	\$2,413,138.56	\$2,002,456.53
Passenger.....	504,186.86	408,346.92
Excess Baggage.....	2,569.36	2,278.46
Mail.....	218,674.17	20,681.41
Express.....	70,604.91	46,145.33
Other Passenger-train.....	1,022.77	110.00
Switching.....	107,424.45	94,717.18
Special Service Train.....		
Other Freight-train.....	713.09	65.00
Total Rail-Line Transportation Revenues.....	\$3,318,334.17	\$2,574,800.83
INCIDENTAL.....	\$ 27,623.99	\$ 32,238.77
Total Railway Operating Revenues.....	\$3,345,958.16	\$2,607,039.60
RAILWAY OPERATING EXPENSES.		
MAINTENANCE OF WAY AND STRUCTURES.....	\$ 415,823.31	\$ 483,020.59
MAINTENANCE OF EQUIPMENT.....	758,670.89	570,651.19
TRAFFIC.....	56,230.12	32,697.23
TRANSPORTATION—RAIL LINE.....	1,208,185.51	1,082,762.97
GENERAL.....	91,707.38	93,742.48
TRANSPORTATION FOR INVESTMENT—Cr.....	Dr. 761.10	5,858.26
Grand Total Railway Operating Expenses.....	\$2,531,378.31	\$2,257,016.20
Net Revenue from Railway Operations.....	\$ 814,579.85	\$ 350,023.40
RAILWAY TAX ACCRUALS.....	\$ 140,698.13	\$ 163,196.00
UNCOLLECTIBLE RAILWAY REVENUES.....	800.90	1,145.34
Total Tax Accruals and Uncollectible Revenues.....	\$ 141,499.03	\$ 164,341.34
Total Operating Income.....	\$ 673,080.82	\$ 185,682.06

THE KANSAS CITY SOUTHERN RAILWAY COMPANY
TEXARKANA & FORT SMITH RAILWAY COMPANY
Comparative Statement of Revenues and Expenses for 6 Months Ended
August 31, 1920

	GUARANTY 1920	FEDERAL 1919
RAILWAY OPERATING REVENUES.		
TRANSPORTATION—RAIL LINE:		
Freight.....	\$ 7,871,148.54	\$5,972,841.50
Passenger.....	1,651,400.11	1,295,292.75
Excess Baggage.....	11,105.95	9,593.79
Mail.....	116,395.78	65,719.38
Express.....	192,530.35	137,034.93
Other Passenger-train.....	2,233.05	377.37
Switching.....	268,815.42	334,318.74
Special Service Train.....	5,243.17	641.00
Other Freight-train.....	944.75	694.22
Total Rail-Line Transportation Revenues.....	\$10,119,817.12	\$7,816,513.68
INCIDENTAL.....	\$ 97,149.30	\$ 66,077.30
JOINT FACILITY.....	Dr. 439.60	
Total Railway Operating Revenues.....	\$10,216,526.82	\$7,882,590.98
RAILWAY OPERATING EXPENSES.		
MAINTENANCE OF WAY AND STRUCTURES.....	\$ 1,609,955.91	\$1,305,247.25
MAINTENANCE OF EQUIPMENT.....	2,105,007.32	1,742,634.14
TRAFFIC.....	236,768.46	117,571.56
TRANSPORTATION—RAIL LINE.....	4,410,569.16	3,306,659.60
GENERAL.....	464,477.70	263,461.50
TRANSPORTATION FOR INVESTMENT—Cr.....	5,865.26	11,848.86
Grand Total Railway Operating Expenses.....	\$ 8,820,913.29	\$6,723,725.19
Net Revenue from Railway Operations.....	\$ 1,395,613.53	\$1,158,865.79
RAILWAY TAX ACCRUALS.....	\$ 490,998.78	\$ 407,564.87
UNCOLLECTIBLE RAILWAY REVENUES.....	268.83	3,239.67
Total Tax Accruals and Uncollectible Revenues.....	\$ 491,267.61	\$ 410,804.54
Total Operating Income.....	\$ 904,345.92	\$ 748,061.25

THE KANSAS CITY SOUTHERN RAILWAY COMPANY
TEXARKANA & FORT SMITH RAILWAY COMPANY
Comparative Statement of Revenues and Expenses for 4 Months Ended
December 31, 1920

	CORPORATE 1920	FEDERAL 1919
RAILWAY OPERATING REVENUES.		
TRANSPORTATION—RAIL LINE:		
Freight.....	\$6,774,280.81	\$4,601,131.92
Passenger.....	1,087,941.20	1,019,713.34
Excess Baggage.....	6,967.99	6,440.63
Mail.....	77,452.32	43,812.92
Express.....	126,235.69	143,179.03
Other Passenger-train.....	1,044.06	1,099.00
Switching.....	303,735.56	258,111.95
Special Service Train.....	10,212.59	7,513.75
Other Freight-train.....	1,231.02	1,365.63
Total Rail-Line Transportation Revenues.....	\$8,389,101.24	\$6,082,368.17
INCIDENTAL.....	\$ 63,250.97	\$ 38,757.04
JOINT FACILITY.....	Dr. 590.55	3,745.14
Total Railway Operating Revenues.....	\$8,451,761.66	\$6,117,380.07
RAILWAY OPERATING EXPENSES.		
MAINTENANCE OF WAY AND STRUCTURES.....	\$ 937,678.70	\$ 738,982.09
MAINTENANCE OF EQUIPMENT.....	1,360,486.95	1,294,917.29
TRAFFIC.....	168,274.39	79,276.38
TRANSPORTATION—RAIL LINE.....	3,407,642.41	2,088,449.25
GENERAL.....	338,353.06	151,784.73
TRANSPORTATION FOR INVESTMENT—Cr.....	6,837.12	5,063.78
Grand Total Railway Operating Expenses.....	\$6,205,598.39	\$4,348,345.96
Net Revenue from Railway Operations.....	\$2,246,163.27	\$1,769,034.11
RAILWAY TAX ACCRUALS.....	\$ 326,208.04	\$ 275,678.41
UNCOLLECTIBLE RAILWAY REVENUES.....	2,157.41	1,432.27
Total Tax Accruals and Uncollectible Revenues.....	\$ 328,365.45	\$ 277,110.68
Total Operating Income.....	\$1,917,797.82	\$1,491,923.43

THE KANSAS CITY SOUTHERN RAILWAY COMPANY
TEXARKANA & FORT SMITH RAILWAY COMPANY
Comparative Statement of Revenues and Expenses for the Year Ended
December 31, 1920

	FEDERAL-CORPORATE 1920	FEDERAL 1919	INCREASE	DECREASE
RAILWAY OPERATING REVENUES.				
TRANSPORTATION—RAIL LINE:				
Freight.....	\$17,361,234.69	\$12,576,429.95	\$4,784,804.74	
Passenger.....	3,225,909.22	2,723,353.01	502,556.21	
Excess Baggage.....	20,546.64	18,312.88	2,233.76	
Mail.....	421,560.74	130,213.71	291,347.03	
Express.....	386,203.40	326,359.29	59,844.11	
Other Passenger-train.....	4,283.93	1,586.37	2,697.56	
Switching.....	709,388.31	687,147.87	22,240.44	
Special Service Train.....	14,224.11	8,154.75	6,069.36	
Other Freight-train.....	3,775.17	2,124.85	1,650.32	
Total Rail-Line Transportation Revenues.....	\$22,147,126.21	\$16,473,682.68	\$5,673,443.53	
INCIDENTAL.....	\$ 206,399.12	\$ 137,073.11	\$ 69,326.01	
JOINT FACILITY.....	1,701.56	Dr. 3,745.14	5,446.70	
Total Railway Operating Revenues.....	\$22,355,226.89	\$16,607,010.65	\$5,748,216.24	
RAILWAY OPERATING EXPENSES.				
MAINTENANCE OF WAY AND STRUCTURES:				
Superintendence.....	\$ 275,788.63	\$ 201,522.69	\$ 74,265.94	
Roadway Maintenance.....	303,775.16	304,665.54		\$ 890.38
Tunnels and Subways.....	716.23	380.79	335.44	
Bridges, Trestles and Culverts.....	164,283.88	143,175.81	21,108.07	
Ties.....	576,814.87	430,355.06	146,459.81	
Rails.....	74,001.47	84,656.27		10,654.80
Other Track Material.....	128,815.95	124,692.93	4,123.02	
Ballast.....	82,007.00	36,118.18	45,888.82	
Track Laying and Surfacing.....	933,040.96	845,266.89	87,774.07	
Right-of-way Fences.....	37,230.44	21,995.18	15,235.26	
Crossings and Signs.....	29,204.95	25,050.66	4,154.29	
Station and Office Buildings.....	84,502.96	68,967.56	15,535.40	
Roadway Buildings.....	17,052.13	15,524.56	1,527.57	
Water Stations.....	34,179.61	44,580.74		10,401.13
Fuel Stations.....	24,215.89	23,312.38	903.51	
Shops and Enginehouses.....	90,649.66	65,751.90	24,897.76	
Telegraph and Telephone Lines.....	65,671.83	53,226.27	12,445.56	
Signals and Interlockers.....	3,074.45	3,364.20		289.75
Power Plant Buildings.....	2,075.02	194.95	1,880.07	
Power Line Poles and Fixtures.....	970.80	204.31	766.49	
Miscellaneous Structures.....	3,806.35	1,398.91	2,407.44	
Paving.....	4,059.52	1,118.77	2,940.75	
Roadway Machines.....	8,002.73	9,627.74		1,625.01
Small Tools and Supplies.....	39,688.90	33,849.08	5,839.82	
Removing Snow, Ice and Sand.....	1,523.79	2,416.20		892.41
Assessments for Public Improvements.....	737.77	1,074.15		336.38
Injuries to Persons.....	46,564.61	17,483.55	29,081.06	
Insurance.....	31,695.18	811.99	30,883.19	
Stationery and Printing.....	13,837.94	10,549.95	3,287.99	
Other Expenses.....	11,219.10	4,820.93	6,398.17	
Maintaining Joint Tracks, Yards and Other Fac.—Dr.	53,960.05	46,077.46	7,882.59	
Maintaining Joint Tracks, Yards and Other Fac.—Cr.	138,535.97	94,985.67	43,550.30	
Total Maintenance of Way and Structures.....	\$ 3,004,631.86	\$ 2,527,249.93	\$ 477,381.93	

THE KANSAS CITY SOUTHERN RAILWAY COMPANY
TEXARKANA & FORT SMITH RAILWAY COMPANY
Comparative Statement of Revenues and Expenses for the Year Ended
December 31, 1920

	FEDERAL-CORPORATE 1920	FEDERAL 1919	INCREASE	DECREASE
RAILWAY OPERATING EXPENSES—Continued.				
MAINTENANCE OF EQUIPMENT:				
Superintendence.....	\$ 189,938.81	\$ 116,481.10	\$ 73,457.71	
Shop Machinery.....	97,991.11	85,060.66	12,930.45	
Power Plant Machinery.....	9,577.81	16,023.38		\$ 6,445.57
Steam Locomotives—Repairs.....	1,896,409.46	1,510,487.91	385,921.55	
Steam Locomotives—Depreciation.....	102,699.19	105,795.07		3,095.88
Steam Locomotives—Retirements.....	1,165.21	23,477.60		22,312.39
Freight-train Cars—Repairs.....	1,384,916.88	1,274,683.97	110,232.91	
Freight-train Cars—Depreciation.....	106,458.43	68,781.31	37,677.12	
Freight-train Cars—Retirements.....	54,412.21	130,206.15		75,793.94
Passenger-train Cars—Repairs.....	287,702.76	178,220.13	109,482.63	
Passenger-train Cars—Depreciation.....	8,026.01	8,515.72		489.71
Passenger-train Cars—Retirements.....	1,488.31	844.08	644.23	
Work Equipment—Repairs.....	101,538.26	68,454.49	33,083.77	
Work Equipment—Depreciation.....	3,445.39	4,870.53		1,425.14
Work Equipment—Retirements.....	21.14		21.14	
Injuries to Persons.....	24,721.31	13,574.62	11,146.69	
Insurance.....	16,050.22	430.98	15,619.24	
Stationery and Printing.....	15,981.78	14,415.93	1,565.85	
Other Expenses.....	2,808.67	3,185.70		377.03
Maintaining Joint Equipment at Terminals—Dr.....	17,573.12	20,405.08		2,831.96
Maintaining Joint Equipment at Terminals—Cr.....	.01	35,711.79		35,711.78
Total Maintenance of Equipment.....	\$ 4,322,926.07	\$ 3,608,202.62	\$ 714,723.45	
TRAFFIC:				
Superintendence.....	\$ 162,982.14	\$ 120,518.81	\$ 42,463.33	
Outside Agencies.....	186,317.54	24,011.66	162,305.88	
Advertising.....	7,813.42	4,179.46	3,633.96	
Traffic Associations.....	23,368.59	36,272.26		\$ 12,903.67
Industrial and Immigration Bureaus.....	16,524.10	4,389.91	12,134.19	
Insurance.....	211.05	116.25	94.80	
Stationery and Printing.....	72,728.83	40,056.82	32,672.01	
Other Expenses.....	3.00		3.00	
Total Traffic.....	\$ 469,948.67	\$ 229,545.17	\$ 240,403.50	
TRANSPORTATION—RAIL LINE:				
Superintendence.....	\$ 276,611.15	\$ 206,625.44	\$ 69,985.71	
Dispatching Trains.....	84,606.82	71,927.38	12,679.44	
Station Employees.....	977,358.18	807,179.83	170,178.35	
Weighing, Inspection and Demurrage Bureaus.....	31,008.11	30,203.09	805.02	
Station Supplies and Expenses.....	72,620.35	52,534.38	20,085.97	
Yardmasters and Yard Clerks.....	187,487.09	156,297.80	31,189.29	
Yard Conductors and Brakemen.....	474,691.58	363,817.87	110,873.71	
Yard Switch and Signal Tenders.....	18,580.79	17,124.33	1,456.46	
Yard Enginemen.....	312,483.43	230,462.14	82,021.29	
Fuel for Yard Locomotives.....	583,941.35	364,392.22	219,549.13	
Water for Yard Locomotives.....	22,947.52	16,837.75	6,109.77	
Lubricants for Yard Locomotives.....	6,761.84	2,260.63	4,501.21	
Other Supplies for Yard Locomotives.....	21,146.41	12,570.95	8,575.46	
Enginehouse Expenses—Yard.....	195,129.72	141,736.10	53,393.62	
Yard Supplies and Expenses.....	9,708.68	8,315.27	1,393.41	
Operating Joint Yards and Terminals—Dr.....	118,464.87	248,634.77		\$130,169.90
Operating Joint Yards and Terminals—Cr.....	12,573.36	300,860.04		288,286.68
Carried Forward.....	\$ 3,380,974.53	\$ 2,430,059.91	\$ 950,914.62	

THE KANSAS CITY SOUTHERN RAILWAY COMPANY
TEXARKANA & FORT SMITH RAILWAY COMPANY
Comparative Statement of Revenues and Expenses for the Year Ended
December 31, 1920

	FEDERAL-CORPORATE 1920	FEDERAL 1919	INCREASE	DECREASE
RAILWAY OPERATING EXPENSES—Continued.				
TRANSPORTATION—RAIL LINE—Continued:				
Brought Forward.....	\$ 3,380,974.53	\$ 2,430,059.91	\$ 950,914.62	
Train Enginemen.....	740,347.73	538,108.35	202,239.38	
Fuel for Train Locomotives.....	2,286,066.73	1,415,205.30	870,861.43	
Water for Train Locomotives.....	89,969.52	74,565.22	15,404.30	
Lubricants for Train Locomotives.....	25,650.22	18,243.88	7,406.34	
Other Supplies for Train Locomotives.....	34,618.45	26,599.56	8,018.89	
Enginehouse Expenses—Train.....	298,188.89	234,444.89	63,744.00	
Trainmen.....	950,576.38	652,232.50	298,343.88	
Train Supplies and Expenses.....	321,914.47	267,700.23	54,214.24	
Signal and Interlocker Operation.....	24,688.42	21,214.11	3,474.31	
Crossing Protection.....	38,501.02	32,128.73	6,372.29	
Drawbridge Operation.....	13,760.35	11,451.45	2,308.90	
Telegraph and Telephone Operation.....	75,261.44	64,932.26	10,329.18	
Stationery and Printing.....	84,232.06	74,083.93	10,148.13	
Other Expenses.....	8,347.52	6,112.07	2,235.45	
Operating Joint Tracks and Facilities—Dr.....	42,231.10	54,166.91		\$ 11,935.81
Operating Joint Tracks and Facilities—Cr.....	121,963.84	109,980.29	11,983.55	
Insurance.....	12,124.99	1,144.91	10,980.08	
Clearing Wrecks.....	91,488.26	47,460.93	44,027.33	
Damage to Property.....	19,109.35	6,565.65	12,543.70	
Damage to Live Stock on Right of Way.....	177,468.71	134,688.43	42,780.28	
Loss and Damage—Freight.....	322,216.08	309,181.31	13,034.77	
Loss and Damage—Baggage.....	1,725.06	1,342.40	382.66	
Injuries to Persons.....	314,101.15	166,219.18	147,881.97	
Total Transportation—Rail Line.....	\$ 9,231,598.59	\$ 6,477,871.82	\$2,753,726.77	
GENERAL:				
Salaries and Expenses of General Officers.....	\$ 143,510.82	\$ 44,744.09	\$ 98,766.73	
Salaries and Expenses of Clerks and Attendants.....	504,337.72	330,909.24	173,428.48	
General Office Supplies and Expenses.....	35,919.67	29,439.55	6,480.12	
Law Expenses.....	93,967.17	52,805.63	41,161.54	
Insurance.....	1,339.57	994.74	344.83	
Pensions.....	4,115.03	1,850.30	2,264.73	
Stationery and Printing.....	53,005.51	35,854.01	17,151.50	
Valuation Expenses.....	42,991.98	765.71	42,226.27	
Other Expenses.....	19,882.28	6,459.17	13,423.11	
General Joint Facilities—Dr.....	2,804.21	5,166.27		\$ 2,362.06
General Joint Facilities—Cr.....	.02		.02	
Total General.....	\$ 901,873.94	\$ 508,988.71	\$ 392,885.23	
TRANSPORTATION FOR INVESTMENT—Cr.....	\$ 19,313.92	\$ 22,770.90		\$ 3,456.98
Grand Total Railway Operating Expenses.....	\$17,911,665.21	\$13,329,087.35	\$4,582,577.86	
Net Revenue from Railway Operations.....	\$ 4,443,561.68	\$ 3,277,923.30	\$1,165,638.38	
RAILWAY TAX ACCRUALS.....	\$ 957,904.95	\$ 846,439.28	\$ 111,465.67	
UNCOLLECTIBLE RAILWAY REVENUES.....	5,114.99	5,817.28		\$ 702.29
Total Tax Accruals and Uncollectible Revenues.....	\$ 963,019.94	\$ 852,256.56	\$ 110,763.38	
Total Operating Income.....	\$ 3,480,541.74	\$ 2,425,666.74	\$1,054,875.00	

THE KANSAS CITY SOUTHERN RAILWAY COMPANY

TEXARKANA & FORT SMITH RAILWAY COMPANY

Statement of Revenues, Etc., Accrued Prior to March 1, 1920, and Credited by the Railway Companies to the United States Railroad Administration

RAILWAY OPERATING REVENUES.		
TRANSPORTATION—RAIL LINE:		
Freight.....	\$302,666.78	
Passenger.....	Dr. 17,618.95	
Excess Baggage.....	Dr. 98.66	
Mail.....	9,038.47	
Express.....	Dr. 3,167.55	
Other Passenger-train.....	Dr. 15.95	
Switching.....	29,412.88	
Special Service Train.....	Dr. 1,131.65	
Other Freight-train.....	786.31	\$319,873.68
INCIDENTAL.....		18,374.86
JOINT FACILITY.....		2,731.71
Total Revenues Prior to March 1, 1920.....		\$340,980.25

Statement of Expenses, Etc., Accrued Prior to March 1, 1920, and Charged by the Railway Companies to the United States Railroad Administration

RAILWAY OPERATING EXPENSES.		
MAINTENANCE OF WAY AND STRUCTURES:		
Superintendence.....	\$ 9,287.10	
Roadway Maintenance.....	2,447.16	
Tunnels and Subways.....	Cr. 12.14	
Bridges, Trestles and Culverts.....	2,074.03	
Ties.....	4,301.56	
Rails.....	8,602.48	
Other Track Material.....	3,095.96	
Ballast.....	715.97	
Track Laying and Surfacing.....	3,056.15	
Right-of-way Fences.....	1,935.46	
Crossings and Signs.....	Cr. 199.87	
Station and Office Buildings.....	6,170.36	
Roadway Buildings.....	118.73	
Water Stations.....	2,402.02	
Fuel Stations.....	734.60	
Shops and Enginehouses.....	Cr. 2,440.79	
Telegraph and Telephone Lines.....	1,506.74	
Signals and Interlockers.....	Cr. 235.66	
Miscellaneous Structures.....	Cr. 51.13	
Paving.....	16.50	
Roadway Machines.....	52.13	
Small Tools and Supplies.....	312.20	
Removing Snow, Ice and Sand.....	Cr. 53.90	
Injuries to Persons.....	1,357.21	
Insurance.....	72.86	
Stationery and Printing.....	113.57	
Other Expenses.....	233.01	
Maintaining Joint Tracks, Yards and Other Facilities—Dr.....	1,923.38	
Maintaining Joint Tracks, Yards and Other Facilities—Cr.....	6,361.84	\$ 41,173.94
MAINTENANCE OF EQUIPMENT:		
Superintendence.....	\$ 94.95	
Shop Machinery.....	Cr. 192.37	
Power Plant Machinery.....	47.63	
Steam Locomotives—Repairs.....	9,663.39	
Steam Locomotives—Depreciation.....	3,382.84	
Steam Locomotives—Retirements.....	1,235.49	
Freight-train Cars—Repairs.....	54,223.01	
Freight-train Cars—Depreciation.....	10,178.79	
Freight-train Cars—Retirements.....	Cr. 1,343.78	
Passenger-train Cars—Repairs.....	14,678.96	
Passenger-train Cars—Depreciation.....	Cr. 354.39	
Passenger-train Cars—Retirements.....	1,488.31	
Work Equipment—Repairs.....	1,023.61	
Carried Forward.....	\$ 94,126.44	\$ 41,173.94

THE KANSAS CITY SOUTHERN RAILWAY COMPANY

TEXARKANA & FORT SMITH RAILWAY COMPANY

Statement of Expenses, Etc., Accrued Prior to March 1, 1920, and Charged by the Railway Companies to the United States Railroad Administration

RAILWAY OPERATING EXPENSES—Continued.		
MAINTENANCE OF EQUIPMENT—Continued:		
Brought Forward	\$ 94,126.44	\$ 41,173.94
Work Equipment—Depreciation.....	Cr. 1,665.24	
Work Equipment—Retirements.....	132.70	
Injuries to Persons.....	4,366.15	
Insurance.....	16.40	
Stationery and Printing.....	341.39	
Maintaining Joint Equipment at Terminals—Dr.....	1,443.07	98,760.91
TRAFFIC:		
Superintendence.....	\$ 903.05	
Outside Agencies.....	129.21	
Advertising.....	566.72	
Traffic Associations.....	2,651.94	
Industrial and Immigration Bureaus.....	53.58	
Insurance.....	15.46	
Stationery and Printing.....	4,355.74	8,675.70
TRANSPORTATION—RAIL LINE:		
Superintendence.....	\$ 2,572.31	
Dispatching Trains.....	499.93	
Station Employees.....	6,000.98	
Weighing, Inspection and Demurrage Bureaus.....	Cr. 1,434.71	
Station Supplies and Expenses.....	1,773.04	
Yardmasters and Yard Clerks.....	Cr. 115.88	
Yard Conductors and Brakemen.....	574.24	
Yard Switch and Signal Tenders.....	Cr. 11.21	
Yard Enginemen.....	662.48	
Fuel for Yard Locomotives.....	Cr. 11,141.42	
Water for Yard Locomotives.....	25.35	
Lubricants for Yard Locomotives.....	Cr. 163.49	
Other Supplies for Yard Locomotives.....	Cr. 7.61	
Enginehouse Expenses—Yard.....	Cr. 371.86	
Yard Supplies and Expenses.....	123.40	
Operating Joint Yards and Terminals—Dr.....	4,586.32	
Operating Joint Yards and Terminals—Cr.....	1,695.35	
Train Enginemen.....	8,724.03	
Fuel for Train Locomotives.....	8,375.20	
Water for Train Locomotives.....	264.28	
Lubricants for Train Locomotives.....	Cr. 312.83	
Other Supplies for Train Locomotives.....	48.82	
Enginehouse Expenses—Train.....	6,030.78	
Trainmen.....	8,850.49	
Train Supplies and Expenses.....	9,175.96	
Signal and Interlocker Operation.....	122.96	
Crossing Protection.....	770.74	
Drawbridge Operation.....	221.32	
Telegraph and Telephone Operation.....	1,348.80	
Stationery and Printing.....	2,583.66	
Other Expenses.....	1,435.35	
Operating Joint Tracks and Facilities—Dr.....	1,135.09	
Operating Joint Tracks and Facilities—Cr.....	7,016.16	
Insurance.....	104.86	
Clearing Wrecks.....	1,884.72	
Damage to Property.....	557.82	
Damage to Live Stock on Right of Way.....	17,891.23	
Loss and Damage—Freight.....	104,359.18	
Loss and Damage—Baggage.....	570.58	
Injuries to Persons.....	36,198.11	205,201.51
GENERAL:		
Salaries and Expenses of General Officers.....	\$ 24.57	
Salaries and Expenses of Clerks and Attendants.....	1,548.27	
General Office Supplies and Expenses.....	1,706.69	
Law Expenses.....	1,768.71	
Insurance.....	272.24	
Stationery and Printing.....	795.89	
Valuation Expenses.....	Cr. 69.94	
Other Expenses.....	1,245.00	
General Joint Facilities—Dr.....	44.37	7,335.80
TRANSPORTATION FOR INVESTMENT—Cr.....		7,372.64
UNCOLLECTIBLE RAILWAY REVENUES.....		1,887.85
Total Expenses Prior to March 1, 1920.....		\$355,663.07

THE KANSAS CITY SOUTHERN RAILWAY COMPANY
TEXARKANA & FORT SMITH RAILWAY COMPANY

**Comparative Statement of Classified Revenue Tonnage
for the Year Ended December 31, 1920**

COMMODITIES	FREIGHT ORIGINATING ON THIS ROAD		FREIGHT RECEIVED FROM CONNECTING LINES		TOTAL TONS		PER CENT.	
	Federal- Corporate 1920	Federal 1919	Federal- Corporate 1920	Federal 1919	Federal- Corporate 1920	Federal 1919	Federal- Corporate 1920	Federal 1919
PRODUCTS OF AGRICULTURE:								
Grain.....	241,869	154,852	250,120	114,352	491,989	269,204	8.0	5.5
Flour.....	13,871	16,019	47,209	52,899	61,080	68,918	1.0	1.4
Other Mill Products.....	59,731	70,188	38,169	37,807	97,900	107,995	1.6	2.2
Hay.....	43,616	39,720	21,370	18,381	64,986	58,101	1.1	1.2
Tobacco.....	20				20		.0	
Cotton.....	23,700	21,557	12,222	11,717	35,922	33,274	.6	.7
Fruits and Vegetables.....	22,254	33,099	86,902	86,313	109,156	119,412	1.8	2.4
Other Products of Agriculture.....	29,219	28,606	44,999	38,922	74,218	67,528	1.2	1.4
Totals.....	434,280	364,041	500,991	360,391	935,271	724,432	15.3	14.8
PRODUCTS OF ANIMALS:								
Live Stock.....	31,892	41,056	17,048	22,929	48,940	63,985	.8	1.3
Dressed Meats.....	3,807	1,444	1,844	1,742	5,651	3,186	.1	.1
Other Packing House Products.....	16,225	9,457	15,872	16,075	32,097	25,532	.5	.5
Poultry, Game and Fish.....	2,229	1,541	3,325	2,802	5,554	4,343	.1	.1
Wool.....	77	104	29	21	106	125	.0	.0
Hides and Leather.....	1,082	2,510	2,162	1,839	3,244	4,349	.1	.1
Other Products of Animals.....	20,992	29,952	16,806	11,965	37,798	41,917	.6	.9
Totals.....	76,304	86,064	57,086	57,373	133,390	143,437	2.2	3.0
PRODUCTS OF MINES:								
Anthracite Coal.....			50	45	50	45	.0	.0
Bituminous Coal.....	554,832	506,327	308,978	195,993	863,810	702,320	14.1	14.4
Coke.....	14,869	7,316	4,366	9,924	19,235	17,240	.3	.3
Ores.....	25,681	6,145	13,229	4,586	38,910	10,731	.6	.2
Stone, Sand and Other Like Articles.....	183,432	101,196	113,001	58,596	296,433	159,792	4.8	3.3
Other Products of Mines.....	207,760	128,913	66,482	50,246	274,242	179,159	4.5	3.7
Totals.....	986,574	749,897	506,106	319,390	1,492,680	1,069,287	24.3	21.9
PRODUCTS OF FORESTS:								
Lumber.....	754,635	733,542	576,599	557,764	1,331,234	1,291,306	21.7	26.4
Other Products of Forests.....	13,470	11,532	6,085	3,106	19,555	14,638	.3	.3
Totals.....	768,105	745,074	582,684	560,870	1,350,789	1,305,944	22.0	26.7
MANUFACTURERS:								
Petroleum and Other Oils.....	420,326	355,117	797,584	531,947	1,217,910	887,064	19.8	18.2
Sugar.....	252	18	42,431	25,491	42,683	25,509	.7	.5
Naval Stores.....	5,410	2,104	6,627	7,522	12,037	9,626	.2	.2
Iron, Pig and Bloom.....	104	46	3,045	2,551	3,149	2,597	.0	.0
Iron and Steel Rails.....	7,237	7,278	6,587	10,934	13,824	18,212	.2	.4
Other Castings and Machinery..	27,757	24,875	129,538	69,418	157,295	94,293	2.6	1.9
Bar and Sheet Metal.....	3,662	1,872	68,584	27,381	72,246	29,253	1.2	.6
Cement, Brick and Lime.....	57,943	56,073	74,638	53,587	132,581	109,660	2.2	2.2
Agricultural Implements.....	845	505	16,455	8,609	17,300	9,114	.3	.2
Wagons, Carriages, Tools, Etc.	5,458	3,917	20,031	23,271	25,489	27,188	.4	.6
Wines, Liquors and Beers.....	530	177	5,473	3,385	6,003	3,562	.1	.1
Household Goods and Furniture	971	660	10,130	8,829	11,101	9,489	.2	.2
Other Manufacturers.....	97,918	67,789	152,503	94,574	250,421	162,363	4.1	3.3
Totals.....	628,413	520,431	1,333,626	867,499	1,962,039	1,387,930	32.0	28.4
Miscellaneous Commodities not specified above (Carload Rates)	70,089	69,946	29,755	25,647	99,844	95,593	1.6	2.0
L. C. L. Goods not distributed above.....	112,132	116,388	49,042	41,544	161,174	157,932	2.6	3.2
GRAND TOTALS.....	3,075,897	2,651,841	3,059,290	2,232,714	6,135,187	4,884,555	100.0	100.0

THE KANSAS CITY SOUTHERN RAILWAY COMPANY
TEXARKANA & FORT SMITH RAILWAY COMPANY
Comparative Statement of Train, Locomotive and Car Mileage for the Year Ended
December 31, 1920

	FEDERAL-CORPORATE 1920	FEDERAL 1919
Miles of Road Operated.....	841.64	841.64
TRAIN MILEAGE:		
Freight.....	2,457,135	2,108,654
Passenger.....	1,332,600	1,341,304
Mixed.....	26,361	14,627
Total Revenue Train Mileage.....	3,816,096	3,464,585
ADDITIONAL LOCOMOTIVE MILEAGE:		
Light and Helping Freight.....	197,787	136,254
Light and Helping Passenger.....	17,267	20,345
Light and Helping Mixed.....	12	95
Switching.....	1,228,144	1,091,179
Passenger—Nonrevenue.....	5,015	4,410
Work.....	112,214	81,774
Total Locomotive Mileage.....	5,376,535	4,798,642
CAR MILEAGE:		
Loaded Freight—North.....	33,107,393	30,045,012
Loaded Freight—South.....	31,870,130	22,600,192
Empty Freight—North.....	6,867,671	5,573,461
Empty Freight—South.....	14,805,485	12,176,820
Total Freight Car Mileage.....	86,650,679	70,395,485

THE KANSAS CITY SOUTHERN RAILWAY COMPANY
TEXARKANA & FORT SMITH RAILWAY COMPANY
Comparative Statement Showing Performance of Locomotives for the Year Ended
December 31, 1920

	FEDERAL-CORPORATE 1920	FEDERAL 1919
LOCOMOTIVE MILEAGE:		
Freight.....	2,654,922	2,244,908
Passenger.....	1,349,867	1,361,649
Mixed.....	26,373	14,722
Total Revenue Locomotive Mileage.....	4,031,162	3,821,279
Switching.....	1,228,144	1,091,179
Passenger—Nonrevenue.....	5,015	4,410
Work.....	112,214	81,774
Total Locomotive Mileage.....	5,376,535	4,798,642
Cost of Repairs to Locomotives and Tenders.....	\$1,941,502.64	\$1,543,199.09
Per Mile run.....	.3611	.3216
Cost of Fuel used.....	\$2,861,834.59	\$1,762,515.67
Cost of Fuel Station Operation.....	74,205.38	59,685.01
Total per Mile run.....	.5461	.3797
Cost of Enginemen, Firemen and Roundhousemen.....	\$1,576,907.61	\$1,164,888.23
Per Mile run.....	.2933	.2428
Cost of Water Supply.....	\$ 113,463.75	\$ 92,240.55
Per Mile run.....	.0211	.0192
Cost of Lubricating Oil and Grease used.....	\$ 28,486.19	\$ 17,972.09
Per Mile run.....	.0053	.0037
Cost of Waste used.....	\$ 4,054.30	\$ 2,713.78
Per Mile run.....	.0007	.0006
Cost of Other Supplies.....	\$ 55,919.34	\$ 39,335.38
Per Mile run.....	.0104	.0082
Total Cost.....	\$6,656,373.80	\$4,682,549.80
Total Cost per Mile run.....	1.2380	.9758
Tons of Coal used.....	220,630	221,066
Price per Ton.....	\$4.59	\$3.77
Barrels of Fuel Oil used.....	987,772	702,849
Price per Barrel.....	\$1.96	\$1.46
Miles Run per Ton of Coal used.....	11.13	12.04
Miles Run per Barrel of Oil used.....	2.96	3.04
Pints of Lubricating Oil and Grease used.....	371,986	329,179
Price per Pint.....	\$.0766	\$.0546
Miles Run per Pint of Lubricating Oil and Grease used.....	14.45	14.58
Miles Run per Pint of All Oils used.....	9.88	10.58
Pounds of Waste used.....	29,207	22,213
Price per Pound.....	\$.1388	\$.1222
Miles Run per Pound of Waste used.....	184.08	216.03

NOTE—Includes performance of Terminal Division locomotives and locomotives in work service.

THE KANSAS CITY SOUTHERN RAILWAY COMPANY
TEXARKANA & FORT SMITH RAILWAY COMPANY
Condensed Statement of Comparative Operating Results for the Year Ended
December 31, 1920

	FEDERAL-CORPORATE 1920	FEDERAL 1919
Mileage Operated.....	841.64	841.64
Number of Tons carried:		
Revenue freight.....	6,135,187	4,884,555
Company freight.....	662,495	597,900
Average Distance (Miles) each ton was carried:		
Revenue freight.....	272.97	260.11
Including Company freight.....	257.23	242.41
Number of Tons carried one mile:		
Revenue freight.....	1,674,717,315	1,270,503,416
Company freight.....	73,847,936	58,491,130
Number of Tons carried one mile per mile of road:		
Revenue freight.....	1,989,826	1,509,557
Including Company freight.....	2,077,569	1,579,054
Tons to each loaded car:		
Revenue freight.....	25.77	24.13
Including Company freight.....	26.91	25.24
Tons to each loaded and empty car:		
Revenue freight.....	19.33	18.05
Including Company freight.....	20.18	18.88
Cars to each train:		
Loaded.....	26.39	24.97
Empty.....	8.82	8.42
Train Load in tons:		
Revenue freight.....	674.34	598.37
Including Company freight.....	704.07	625.92
Gross Ton Miles—Freight.....	3,566,180,504	2,777,299,271
Per freight train mile.....	1,451.36	1,320.20
Per freight locomotive mile.....	1,343.23	1,239.89
Number of Passengers carried—Earning revenue.....	2,356,476	2,189,247
Average Distance (Miles) each passenger was carried.....	44.94	43.80
Number of Passengers carried one mile.....	105,907,985	95,879,619
Per mile of road.....	125,835	113,920
Freight Revenue.....	\$17,361,234.69	\$12,576,429.95
Per mile of road.....	20,627.86	14,942.77
Per revenue freight train mile.....	6.99064	5.92311
Per ton of freight.....	2.82978	2.57473
Per ton per mile.....	.01037	.00990
Passenger Revenue.....	\$ 3,225,909.22	\$ 2,723,353.01
Per passenger.....	1.36895	1.24397
Per passenger per mile.....	.03046	.02840
Freight and Passenger Revenue.....	\$20,587,143.91	\$15,299,782.96
Per mile of road.....	24,460.75	18,178.54
Passenger Service Train Revenue.....	\$ 4,058,503.93	\$ 3,199,825.26
Per mile of road.....	4,822.14	3,801.89
Per revenue passenger train mile.....	2.98648	2.35987
Gross Revenues from Operation.....	\$22,355,226.89	\$16,607,010.65
Per mile of road.....	26,561.51	19,731.73
Per revenue train mile.....	5.85814	4.79336
Maintenance of Way and Structures.....	\$ 3,004,631.86	\$ 2,527,249.93
Per mile of road.....	3,569.97	3,002.77
Per revenue train mile.....	.78736	.72945
Maintenance of Equipment.....	\$ 4,322,926.07	\$ 3,608,202.62
Per mile of road.....	5,136.31	4,287.11
Per revenue train mile.....	1.13281	1.04145
Traffic Expenses.....	\$ 469,948.67	\$ 229,545.17
Per mile of road.....	558.37	272.74
Per revenue train mile.....	.12315	.06625
Transportation Expenses.....	\$ 9,231,598.59	\$ 6,477,871.82
Per mile of road.....	10,968.59	7,696.73
Per revenue train mile.....	2.41912	1.86974
General Expenses.....	\$ 901,873.94	\$ 508,988.71
Per mile of road.....	1,071.57	604.76
Per revenue train mile.....	.23633	.14691
Transportation for Investment—Cr.....	\$ 19,315.92	\$ 22,770.90
Per mile of road.....	22.95	27.06
Per revenue train mile.....	.00506	.00557
Total Operating Expenses.....	\$17,911,665.21	\$13,329,087.35
Per mile of road.....	21,281.86	15,837.04
Per revenue train mile.....	4.69371	3.84724
Net Revenue from Operation.....	\$ 4,443,561.68	\$ 3,277,923.30
Per mile of road.....	5,279.65	3,894.69
Per revenue train mile.....	1.16443	.94612
Ratio Operating Expenses to Gross Revenues.....	80.12%	80.26%
Ratio Operating Expenses and Taxes to Gross Revenues.....	84.41%	85.36%

THE ARKANSAS WESTERN RAILWAY COMPANY

Comparative General Balance Sheet, December 31, 1920

ASSETS	DECEMBER 31, 1920	DECEMBER 31, 1919	INCREASE	DECREASE
INVESTMENTS.				
Investment in Road and Equipment.....	\$1,279,413.20	\$1,280,186.92	.....	\$ 773.72
Miscellaneous Physical Property.....	132.00	222.00	.....	90.00
Total Investments.....	\$1,279,545.20	\$1,280,408.92	.....	\$ 863.72
CURRENT ASSETS.				
Cash.....	\$ 12,257.64	\$ 38.88	\$12,218.76	
Traffic and Car-service Balances receivable.....	2,388.94	472.57	1,916.37	
Net Balance receivable from Agents and Conductors.....	907.82	15.77	892.05	
Miscellaneous Accounts receivable.....	11,396.08	315.39	11,080.69	
Material and Supplies.....	1,604.03	.....	1,604.03	
Other Current Assets.....	104.49	.....	104.49	
Total Current Assets.....	\$ 28,659.00	\$ 842.61	\$27,816.39	
DEFERRED ASSETS.				
Other Deferred Assets:				
U. S. Government accounts.....	\$ 19,111.54	\$ 18,261.35	\$ 850.19	
UNADJUSTED DEBITS.				
Rents and Insurance Premiums paid in advance.....	\$ 13.02	.....	\$ 13.02	
Other Unadjusted Debits:				
U. S. Government—Income Guaranty.....	17,974.47	.....	17,974.47	
Other accounts.....	8,738.19	\$ 12,211.75	.....	\$3,473.56
Total Unadjusted Debits.....	\$ 26,725.68	\$ 12,211.75	\$14,513.93	
Grand Totals.....	\$1,354,041.42	\$1,311,724.63	\$42,316.79	

LIABILITIES	DECEMBER 31, 1920	DECEMBER 31, 1919	INCREASE	DECREASE
CAPITAL STOCK.....	\$ 650,000.00	\$ 650,000.00		
LONG-TERM DEBT.				
Funded Debt Unmatured:				
First Mortgage 30-Year 5 Per Cent. Bonds, due July 1, 1934.....	\$ 650,000.00	\$ 650,000.00		
Nonnegotiable Debt to Affiliated Companies:				
Notes—The Kansas City Southern Ry. Co.....	326,000.00	293,500.00	\$32,500.00	
Open Account—The Kansas City Southern Ry. Co.....	86,000.00	47,000.00	39,000.00	
Total Long-term Debt.....	\$1,062,000.00	\$ 990,500.00	\$71,500.00	
CURRENT LIABILITIES.				
Traffic and Car-service Balances payable.....	\$ 1,783.57	\$ 506.72	\$ 1,276.85	
Audited Accounts and Wages payable.....	9,901.49	60.83	9,840.66	
Miscellaneous Accounts payable.....	198.45	156.82	41.63	
Unmatured Interest accrued—The Kansas City Southern Ry. Co.....	2,708.33	2,708.33		
Other Current Liabilities.....	696.67	.....	696.67	
Total Current Liabilities.....	\$ 15,288.51	\$ 3,432.70	\$11,855.81	
DEFERRED LIABILITIES.				
Other Deferred Liabilities:				
U. S. Government accounts.....	\$ 19,831.02	\$ 20,845.64	.....	\$1,014.62
UNADJUSTED CREDITS.				
Tax Liability.....	\$ 5,294.87	\$ 534.79	\$ 4,760.08	
Other Unadjusted Credits:				
U. S. Government—Accrued Standard Return.....	14,246.94	13,151.02	1,095.92	
Other accounts.....	2,678.61	11,280.32	.....	\$8,601.71
Total Unadjusted Credits.....	\$ 22,220.42	\$ 24,966.13	.....	\$2,745.71
Total Liabilities.....	\$1,769,339.95	\$1,689,744.47	\$79,595.48	
CORPORATE DEFICIT.				
Profit and Loss debit balance.....	415,298.53	378,019.84	37,278.69	
Grand Totals.....	\$1,354,041.42	\$1,311,724.63	\$42,316.79	

The above Balance Sheet as at December 31, 1920, in our opinion correctly shows the financial position of The Arkansas Western Railway Company at that date as an individual Company, subject to such adjustment as may be required in the settlement of U. S. Government accounts, and is included in the Combined Balance Sheet of The Kansas City Southern Railway Company and its Subsidiary Companies.

134 SOUTH LA SALLE STREET,
CHICAGO, May 21, 1921.

THE ARKANSAS WESTERN RAILWAY COMPANY

Income Account for the Year Ended December 31, 1920

	DEBITS	CREDITS	NET INCOME DEFICIT
FEDERAL CONTROL—January-February, 2 months.			
NONOPERATING INCOME.			
Income from Lease of Road.....	\$ 1,095.92		
Miscellaneous Rent Income.....		\$ 24.00	
Miscellaneous Income:			
Expenses Prior to January 1, 1918.....		959.49	
DEDUCTIONS FROM GROSS INCOME.			
Interest on Funded Debt.....	5,416.67		
Miscellaneous Income Charges:			
Revenues Prior to January 1, 1918.....	9.27		
Totals.....	\$ 6,521.86	\$ 983.49	\$ 5,538.37
GUARANTY PERIOD—March-August, 6 Months.			
OPERATING INCOME.			
Railway Operating Revenues.....		\$30,445.07	
Railway Operating Expenses.....	\$40,305.35		
Railway Tax Accruals.....	3,750.00		
NONOPERATING INCOME.			
Miscellaneous Rent Income.....	5.16		
Income from Unfunded Securities and Accounts.....		67.82	
Miscellaneous Income:			
Expenses Prior to January 1, 1918.....	600.00		
Federal Guaranty of Income.....		17,974.47	
DEDUCTIONS FROM GROSS INCOME.			
Hire of Freight Cars—Debit balance.....	1,889.98		
Rent for Locomotives.....	3,921.96		
Rent for Passenger-train Cars.....	1,840.00		
Miscellaneous Tax Accruals.....	10.88		
Interest on Funded Debt.....	16,250.00		
Totals.....	\$68,573.33	\$48,487.36	20,085.97
CORPORATE MANAGEMENT—September-December, 4 Months.			
OPERATING INCOME.			
Railway Operating Revenues.....		\$29,029.80	
Railway Operating Expenses.....	\$23,179.95		
Railway Tax Accruals.....	2,500.00		
NONOPERATING INCOME.			
Miscellaneous Rent Income.....		48.00	
Income from Unfunded Securities and Accounts.....		53.43	
DEDUCTIONS FROM GROSS INCOME.			
Hire of Freight Cars—Debit balance.....	1,408.46		
Rent for Locomotives.....	2,071.16		
Rent for Passenger-train Cars.....	1,090.00		
Interest on Funded Debt.....	10,833.33		
Totals.....	\$41,082.90	\$29,131.23	11,951.67
TOTAL NET INCOME—DEFICIT			\$37,576.01

Profit and Loss Account for the Year Ended December 31, 1920

	Debits	Credits
Debit Balance at beginning of year.....	\$378,019.84	
Unrefundable Overcharges.....		\$ 17.42
Donations.....		272.17
Miscellaneous Credits.....		7.73
Debit Balance transferred from Income.....	37,576.01	
Debit Balance carried to Balance Sheet		415,298.53
Totals.....	\$415,595.85	\$415,595.85

THE ARKANSAS WESTERN RAILWAY COMPANY

Statement of Revenues, Etc., Accrued Prior to January 1, 1918, and Credited by the United States Railroad Administration to the Railway Company

RAILWAY OPERATING REVENUES.		
TRANSPORTATION—RAIL LINE:		
Passenger.....		\$ 4.97
INCIDENTAL.....		Dr. 14.24
Total Revenues Prior to January 1, 1918.....		Dr. \$ 9.27

Statement of Expenses, Etc., Accrued Prior to January 1, 1918, and Charged by the United States Railroad Administration to the Railway Company

RAILWAY OPERATING EXPENSES.		
MAINTENANCE OF WAY AND STRUCTURES:		
Rails.....	Cr. \$1,145.87	
Other Track Material.....	109.01	
Roadway Machines.....	600.00	Cr. \$436.86
TRANSPORTATION—RAIL LINE:		
Loss and Damage—Freight.....		8.13
UNCOLLECTIBLE RAILWAY REVENUES.....		69.24
Total Expenses Prior to January 1, 1918.....		Cr. \$359.49

THE ARKANSAS WESTERN RAILWAY COMPANY

Comparative Statement of Revenues and Expenses for the Year Ended December 31, 1920

	FEDERAL-CORPORATE 1920	FEDERAL 1919
RAILWAY OPERATING REVENUES.		
2 Months ended February 29.....	\$13,504.27	\$11,657.74
6 Months ended August 31.....	30,445.07	26,094.79
4 Months ended December 31.....	29,029.80	26,930.23
Totals.....	\$72,979.14	\$64,682.76
RAILWAY OPERATING EXPENSES.		
MAINTENANCE OF WAY AND STRUCTURES:		
2 Months ended February 29.....	\$ 6,487.13	\$ 3,474.83
6 Months ended August 31.....	16,310.36	15,535.45
4 Months ended December 31.....	11,992.35	13,082.39
Totals.....	\$34,789.84	\$32,092.67
MAINTENANCE OF EQUIPMENT:		
2 Months ended February 29.....	\$ 2,384.67	\$ 680.01
6 Months ended August 31.....	1,810.14	2,250.24
4 Months ended December 31.....	345.34	420.36
Totals.....	\$ 4,540.15	\$ 3,350.61
TRAFFIC:		
2 Months ended February 29.....	\$ 191.24	\$ 123.14
6 Months ended August 31.....	464.01	363.79
4 Months ended December 31.....	107.30	269.11
Totals.....	\$ 762.55	\$ 756.04
TRANSPORTATION—RAIL LINE:		
2 Months ended February 29.....	\$11,655.05	\$ 4,016.12
6 Months ended August 31.....	20,379.86	13,920.82
4 Months ended December 31.....	9,905.44	9,792.87
Totals.....	\$41,940.35	\$27,729.81
GENERAL:		
2 Months ended February 29.....	\$ 405.02	\$ 385.65
6 Months ended August 31.....	1,340.98	1,211.57
4 Months ended December 31.....	829.52	743.18
Totals.....	\$ 2,575.52	\$ 2,340.40
RAILWAY OPERATING EXPENSES:		
2 Months ended February 29.....	\$21, 23.11	\$ 8,679.75
6 Months ended August 31.....	40,305.35	33,281.87
4 Months ended December 31.....	23,179.95	24,307.91
Grand Totals.....	\$84,608.41	\$66,269.53
NET REVENUE FROM RAILWAY OPERATIONS:		
2 Months ended February 29.....	\$ 7,618.84*	\$ 2,977.99
6 Months ended August 31.....	9,860.28*	7,187.08*
4 Months ended December 31.....	5,849.85	2,622.32
Totals.....	\$11,629.27*	\$ 1,586.77*
RAILWAY TAX ACCRUALS:		
2 Months ended February 29.....	\$ 1,416.75	\$ 1,485.26
6 Months ended August 31.....	3,750.00	4,455.78
4 Months ended December 31.....	2,500.00	2,844.50
Totals.....	\$ 7,666.75	\$ 8,785.54
UNCOLLECTIBLE RAILWAY REVENUES:		
2 Months ended February 29.....	\$ 88.16	
6 Months ended August 31.....		\$ 101.34
4 Months ended December 31.....		42.90
Totals.....	\$ 88.16	\$ 144.24
TAX ACCRUALS AND UNCOLLECTIBLE REVENUES:		
2 Months ended February 29.....	\$ 1,504.91	\$ 1,485.26
6 Months ended August 31.....	3,750.00	4,557.12
4 Months ended December 31.....	2,500.00	2,887.40
Totals.....	\$ 7,754.91	\$ 8,929.78
OPERATING INCOME:		
2 Months ended February 29.....	\$ 9,123.75*	\$ 1,492.73
6 Months ended August 31.....	13,610.28*	11,744.20*
4 Months ended December 31.....	3,349.85	265.08*
Totals.....	\$19,384.18*	\$10,516.55*

*Deficit.

THE ARKANSAS WESTERN RAILWAY COMPANY
Comparative Statement of Revenues and Expenses for the Year Ended
December 31, 1920

	FEDERAL-CORPORATE 1920	FEDERAL 1919
RAILWAY OPERATING REVENUES.		
TRANSPORTATION—RAIL LINE:		
Freight.....	\$48,021.11	\$42,125.34
Passenger.....	19,583.34	18,866.34
Excess Baggage.....	154.22	157.55
Mail.....	1,415.10	539.96
Express.....	2,351.99	1,938.37
Other Passenger-train.....	6.96	239.01
Special Service Train.....	112.00	
INCIDENTAL.....	1,334.42	816.19
Total Railway Operating Revenues.....	\$72,979.14	\$64,682.76
RAILWAY OPERATING EXPENSES.		
MAINTENANCE OF WAY AND STRUCTURES:		
Superintendence.....	\$ 266.23	\$ 377.80
Roadway Maintenance.....	4,245.70	5,267.70
Bridges, Trestles and Culverts.....	2,206.25	1,977.61
Ties.....	14,160.56	6,553.93
Rails.....	Cr. 1,038.92	
Other Track Material.....	297.48	128.33
Ballast.....	106.16	188.75
Track Laying and Surfacing.....	12,100.78	12,177.58
Right-of-way Fences.....	379.53	1,270.84
Crossings and Signs.....	982.47	832.99
Station and Office Buildings.....	229.37	2,458.99
Roadway Buildings.....	16.20	464.99
Water Stations.....	410.00	5.35
Shops and Enginehouses.....	19.81	1.28
Telegraph and Telephone Lines.....	41.55	14.44
Roadway Machines.....		.21
Small Tools and Supplies.....	279.10	351.04
Injuries to Persons.....	2.00	
Stationery and Printing.....	1.26	
Removing Snow, Ice and Sand.....	8.46	3.99
Insurance.....	59.69	
Other Expenses.....	16.16	16.85
Total Maintenance of Way and Structures.....	\$34,789.84	\$32,092.67
MAINTENANCE OF EQUIPMENT:		
Superintendence.....		\$ 9.09
Steam Locomotives—Repairs.....	\$ 4,132.74	3,096.42
Freight-train Cars—Repairs.....		30.93
Passenger-train Cars—Repairs.....	404.07	210.01
Work Equipment—Repairs.....		4.16
Injuries to Persons.....	1.00	
Insurance.....	1.07	
Stationery and Printing.....	1.27	
Total Maintenance of Equipment.....	\$ 4,540.15	\$ 3,350.61

THE ARKANSAS WESTERN RAILWAY COMPANY
Comparative Statement of Revenues and Expenses for the Year Ended
December 31, 1920

	FEDERAL- CORPORATE 1920	FEDERAL 1919
RAILWAY OPERATING EXPENSES—Continued.		
TRAFFIC:		
Superintendence.....	\$ 540.21	\$ 541.08
Advertising.....	12.12	8.06
Traffic Associations.....	Cr. 2.54	5.08
Stationery and Printing.....	212.76	201.82
Total Traffic.....	\$ 762.55	\$ 756.04
TRANSPORTATION—RAIL LINE:		
Superintendence.....	\$ 342.17	\$ 334.10
Station Employees.....	6,979.27	5,121.33
Station Supplies and Expenses.....	334.14	509.29
Lubricants for Yard Locomotives.....	5.74	11.63
Enginehouse Expenses—Yard.....	842.54	40.70
Operating Joint Yards and Terminals—Dr.....	2,223.19	1,438.80
Train Enginemen.....	5,595.80	5,117.47
Fuel for Train Locomotives.....	9,371.24	7,095.68
Water for Train Locomotives.....	225.91	82.60
Lubricants for Train Locomotives.....	28.64	85.77
Enginehouse Expenses—Train.....	6,211.53	298.43
Trainmen.....	5,671.82	5,140.83
Train Supplies and Expenses.....	1,941.71	1,017.52
Stationery and Printing.....	623.77	564.13
Other Expenses.....	17.67	.....
Insurance.....	13.25	13.40
Clearing Wrecks.....	182.53	130.53
Damage to Property.....	50.00	22.00
Damage to Live Stock on Right of Way.....	787.22	483.05
Loss and Damage—Freight.....	Cr. 24.27	95.55
Loss and Damage—Baggage.....	.78	.....
Injuries to Persons.....	515.70	127.00
Total Transportation—Rail Line.....	\$41,940.35	\$27,729.81
GENERAL:		
Salaries and Expenses of General Officers.....	\$ 1,200.00	\$ 1,200.00
Salaries and Expenses of Clerks and Attendants.....	900.00	900.00
Law Expenses.....	.....	.18
Insurance.....	13.07	12.00
Stationery and Printing.....	407.65	213.04
Other Expenses.....	54.80	15.18
Total General.....	\$ 2,575.52	\$ 2,340.40
Grand Total Railway Operating Expenses.....	\$84,608.41	\$66,269.53
Net Revenue from Railway Operations—Deficit.....	\$11,629.27	\$ 1,586.77
RAILWAY TAX ACCRUALS.....	\$ 7,666.75	\$ 8,785.54
UNCOLLECTIBLE RAILWAY REVENUES.....	88.16	144.24
Total Tax Accruals and Uncollectible Revenues.....	\$ 7,754.91	\$ 8,929.78
Total Operating Income—Deficit.....	\$19,384.18	\$10,516.55

THE POTEAU VALLEY RAILROAD COMPANY
Comparative General Balance Sheet, December 31, 1920

ASSETS	DECEMBER 31, 1920	DECEMBER 31, 1919	INCREASE	DECREASE
INVESTMENTS.				
Investment in Road and Equipment.....	\$103,450.42	\$104,324.65	.....	\$874.23
CURRENT ASSETS.				
Cash.....	\$ 3,514.53	\$ 164.00	\$ 3,350.53	
Traffic and Car-service Balances receivable.....	1,763.67	400.95	1,362.72	
Net Balance receivable from Agents and Conductors.....	175.87	.....	175.87	
Miscellaneous Accounts receivable.....	224.36	24.00	200.36	
Material and Supplies.....	457.54	.....	457.54	
Other Current Assets.....	7.64	.....	7.64	
Total Current Assets.....	\$ 6,143.61	\$ 588.95	\$ 5,554.66	
DEFERRED ASSETS.				
Other Deferred Assets:				
U. S. Government accounts.....	\$ 2,847.05	\$ 3,352.18	.....	\$505.13
UNADJUSTED DEBITS.				
Rents and Insurance Premiums paid in advance.....	\$ 5.44	.....	\$ 5.44	
Other Unadjusted Debits:				
U. S. Government—Income Guaranty.....	10,208.38	.....	10,208.38	
Other accounts.....	2,631.90	\$ 1,568.82	1,063.08	
Total Unadjusted Debits.....	\$ 12,845.72	\$ 1,568.82	\$11,276.90	
Grand Totals.....	\$125,286.80	\$109,834.60	\$15,452.20	

LIABILITIES	DECEMBER 31, 1920	DECEMBER 31, 1919	INCREASE	DECREASE
CAPITAL STOCK.....	\$100,800.00	\$100,800.00		
LONG-TERM DEBT.				
Nonnegotiable Debt to Affiliated Companies:				
Open Account—The Kansas City Southern Ry. Co.....	\$ 37,500.00	\$ 23,500.00	\$14,000.00	
CURRENT LIABILITIES.				
Traffic and Car-service Balances payable.....	\$ 864.18	\$ 118.30	\$ 745.88	
Audited Accounts and Wages payable.....	5,418.55	1.78	5,416.77	
Other Current Liabilities.....	258.68	.....	258.68	
Total Current Liabilities.....	\$ 6,541.41	\$ 120.08	\$ 6,421.33	
DEFERRED LIABILITIES.				
Other Deferred Liabilities:				
U. S. Government accounts.....	\$ 11,365.84	\$ 11,175.79	\$ 190.05	
UNADJUSTED CREDITS.				
Tax Liability.....	\$ 1,500.00	.....	\$ 1,500.00	
Accrued Depreciation—Equipment.....	157.30	\$ 54.34	102.96	
Other Unadjusted Credits:				
U. S. Government—Accrued Standard Return.....	7,003.08	6,464.38	538.70	
Other accounts.....	2,004.48	33.12	1,971.36	
Total Unadjusted Credits.....	\$ 10,664.86	\$ 6,551.84	\$ 4,113.02	
Total Liabilities.....	\$166,872.11	\$142,147.71	\$24,724.40	
CORPORATE DEFICIT.				
Profit and Loss debit balance.....	41,585.31	32,313.11	9,272.20	
Grand Totals.....	\$125,286.80	\$109,834.60	\$15,452.20	

The above Balance Sheet as at December 31, 1920, in our opinion correctly shows the financial position of The Poteau Valley Railroad Company at that date as an individual Company, subject to such adjustment as may be required in the settlement of U. S. Government accounts, and is included in the Combined Balance Sheet of The Kansas City Southern Railway Company and its Subsidiary Companies.

134 SOUTH LA SALLE STREET,
CHICAGO, May 21, 1921.

PRICE, WATERHOUSE & CO.,
Chartered Accountants.

THE POTEAU VALLEY RAILROAD COMPANY

Income Account for the Year Ended December 31, 1920

	DEBITS	CREDITS	NET INCOME DEFICIT
FEDERAL CONTROL—January-February, 2 Months.			
OPERATING INCOME.			
Railway Operating Expenses.....	\$ 8.35		
NONOPERATING INCOME.			
Income from Lease of Road.....	538.70		
Miscellaneous Rent Income.....		\$ 16.00	
DEDUCTIONS FROM GROSS INCOME.			
Miscellaneous Income Charges:			
Revenues Prior to January 1, 1918.....	18.90		
Expenses Prior to January 1, 1918.....	276.55		
Totals.....	\$ 842.50	\$ 16.00	\$ 826.50
GUARANTY PERIOD—March-August, 6 Months.			
OPERATING INCOME.			
Railway Operating Revenues.....		\$12,058.50	
Railway Operating Expenses.....	\$15,522.35		
Railway Tax Accruals.....	900.00		
NONOPERATING INCOME.			
Miscellaneous Rent Income.....		56.00	
Income from Unfunded Securities and Accounts.....		17.86	
Miscellaneous Income:			
Federal Guaranty of Income.....		10,208.38	
DEDUCTIONS FROM GROSS INCOME.			
Hire of Freight Cars—Debit balance.....	2,137.50		
Rent for Locomotives.....	5,323.12		
Totals.....	\$23,882.97	\$22,340.74	1,542.23
CORPORATE MANAGEMENT—September-December, 4 Months.			
OPERATING INCOME.			
Railway Operating Revenues.....		\$ 5,645.62	
Railway Operating Expenses.....	\$ 8,387.10		
Railway Tax Accruals.....	600.00		
NONOPERATING INCOME.			
Miscellaneous Rent Income.....		44.00	
Income from Unfunded Securities and Accounts.....		22.14	
DEDUCTIONS FROM GROSS INCOME.			
Hire of Freight Cars—Debit balance.....	1,001.60		
Rent for Locomotives.....	2,632.63		
Totals.....	\$12,621.33	\$ 5,711.76	6,909.57
TOTAL NET INCOME—DEFICIT.....			\$9,278.30

Profit and Loss Account for the Year Ended December 31, 1920

	DEBITS	CREDITS
Debit Balance at beginning of year.....	\$32,313.11	
Unrefundable Overcharges		\$ 6.10
Debit Balance transferred from Income.....	9,278.30	
Debit Balance carried to Balance Sheet.....		41,585.31
Totals.....	\$41,591.41	\$41,591.41

THE POTEAU VALLEY RAILROAD COMPANY
Statement of Expenses for 2 Months Ended February 29, 1920

RAILWAY OPERATING EXPENSES.		
GENERAL:		
Other Expenses.....		\$8.35
Grand Total Railway Operating Expenses.....		\$8.35

Statement of Revenues, Etc., Accrued Prior to January 1, 1918, and Credited by the United States Railroad Administration to the Railroad Company

RAILWAY OPERATING REVENUES.		
TRANSPORTATION—RAIL LINE:		
Freight.....		Dr. \$18.90
Total Revenues Prior to January 1, 1918.....		Dr. \$18.90

Statement of Expenses, Etc., Accrued Prior to January 1, 1918, and Charged by the United States Railroad Administration to the Railroad Company

RAILWAY OPERATING EXPENSES.		
MAINTENANCE OF WAY AND STRUCTURES:		
Bridges, Trestles and Culverts.....	\$ 7.35	
Ties.....	Cr. 16.88	
Rails.....	186.79	
Other Track Material.....	81.62	\$258.88
TRANSPORTATION—RAIL LINE:		
Other Expenses		17.67
Total Expenses Prior to January 1, 1918		\$276.55

THE POTEAU VALLEY RAILROAD COMPANY

Comparative Statement of Revenues and Expenses for the Year Ended December 31, 1920

	FEDERAL-CORPORATE 1920	FEDERAL 1919
RAILWAY OPERATING REVENUES.		
2 Months ended February 29.....	\$ 4,081.96	\$ 2,343.96
6 Months ended August 31.....	12,058.50	6,269.40
4 Months ended December 31.....	5,645.62	4,456.21
Totals.....	\$21,786.08	\$13,069.57
RAILWAY OPERATING EXPENSES.		
MAINTENANCE OF WAY AND STRUCTURES:		
2 Months ended February 29.....	\$ 2,126.30	\$ 1,385.30
6 Months ended August 31.....	4,165.68	7,077.23
4 Months ended December 31.....	2,244.75	2,813.98
Totals.....	\$ 8,536.73	\$11,276.51
MAINTENANCE OF EQUIPMENT:		
2 Months ended February 29.....	\$ 86.02	\$ 17.31
6 Months ended August 31.....	480.41	2,360.04
4 Months ended December 31.....	Cr. 252.99	76.95
Totals.....	\$ 313.44	\$ 2,454.30
TRAFFIC:		
2 Months ended February 29.....	\$ 89.80	
6 Months ended August 31.....	13.51	\$ 32.47
4 Months ended December 31.....	Cr. 1.80	20.60
Totals.....	\$ 101.51	\$ 53.07
TRANSPORTATION—RAIL LINE:		
2 Months ended February 29.....	\$ 2,864.02	\$ 2,395.28
6 Months ended August 31.....	10,087.20	8,411.64
4 Months ended December 31.....	6,092.97	4,822.46
Totals.....	\$19,044.19	\$15,629.38
GENERAL:		
2 Months ended February 29.....	\$ 244.45	\$ 191.15
6 Months ended August 31.....	775.55	554.29
4 Months ended December 31.....	304.17	324.50
Totals.....	\$ 1,324.17	\$ 1,069.94
RAILWAY OPERATING EXPENSES:		
2 Months ended February 29.....	\$ 5,410.59	\$ 3,989.04
6 Months ended August 31.....	15,522.35	18,435.67
4 Months ended December 31.....	8,387.10	8,058.49
Grand Totals.....	\$29,320.04	\$30,483.20
NET REVENUE FROM RAILWAY OPERATIONS—DEFICIT:		
2 Months ended February 29.....	\$ 1,328.63	\$ 1,645.08
6 Months ended August 31.....	3,463.85	12,166.27
4 Months ended December 31.....	2,741.48	3,602.28
Totals.....	\$ 7,533.96	\$17,413.63
RAILWAY TAX ACCRUALS:		
2 Months ended February 29.....	\$ 908.93	\$ 194.28
6 Months ended August 31.....	900.00	582.84
4 Months ended December 31.....	600.00	388.57
Totals.....	\$ 2,408.93	\$ 1,165.69
UNCOLLECTIBLE RAILWAY REVENUES:		
2 Months ended February 29.....		
6 Months ended August 31.....		\$ 10.27
4 Months ended December 31.....		
Totals.....		\$ 10.27
TAX ACCRUALS AND UNCOLLECTIBLE REVENUES:		
2 Months ended February 29.....	\$ 908.93	\$ 194.28
6 Months ended August 31.....	900.00	593.11
4 Months ended December 31.....	600.00	388.57
Totals.....	\$ 2,408.93	\$ 1,175.96
OPERATING INCOME—DEFICIT:		
2 Months ended February 29.....	\$ 2,237.56	\$ 1,839.36
6 Months ended August 31.....	4,363.85	12,759.38
4 Months ended December 31.....	3,341.48	3,990.85
Totals.....	\$ 9,942.89	\$18,589.59

THE POTEAU VALLEY RAILROAD COMPANY
Comparative Statement of Revenues and Expenses for the Year Ended
December 31, 1920

	FEDERAL-CORPORATE 1920	FEDERAL 1919
RAILWAY OPERATING REVENUES.		
TRANSPORTATION—RAIL LINE:		
Freight.....	\$19,672.97	\$11,074.75
Passenger.....	1,973.06	1,943.29
Excess Baggage.....	2.77	4.94
Mail.....	74.97	.....
Other Passenger-train.....	42.39	8.47
INCIDENTAL.....	19.92	38.12
Total Railway Operating Revenues.....	\$21,786.08	\$13,069.57
RAILWAY OPERATING EXPENSES.		
MAINTENANCE OF WAY AND STRUCTURES:		
Superintendence.....	\$ 450.94	\$ 350.66
Roadway Maintenance.....	947.05	1,539.41
Bridges, Trestles and Culverts.....	16.55	1,023.08
Ties.....	1,815.67	2,441.61
Rails.....	186.79	10.04
Other Track Material.....	220.35	235.51
Ballast.....	155.10	285.44
Track Laying and Surfacing.....	3,579.26	4,213.98
Right-of-way Fences.....	7.85	.....
Crossings and Signs.....	115.17	76.52
Station and Office Buildings.....	259.36	645.61
Roadway Buildings.....	5.28	.....
Water Stations.....	18.28	.....
Shops and Enginehouses.....	1.59	285.32
Telegraph and Telephone Lines.....	198.82	.86
Small Tools and Supplies.....	544.76	44.45
Injuries to Persons.....	.....	118.57
Insurance.....	10.39	.....
Other expenses.....	3.52	5.45
Total Maintenance of Way and Structures.....	\$ 8,536.73	\$11,276.51
MAINTENANCE OF EQUIPMENT:		
Superintendence.....	\$ 183.34	\$ 112.50
Steam Locomotives—Repairs.....	10.00	.....
Freight-train Cars—Repairs.....	52.41	Cr. 3.19
Passenger-train Cars—Repairs.....	28.53	2,310.67
Passenger-train Cars—Depreciation.....	34.32	34.32
Insurance.....	4.84	.....
Total Maintenance of Equipment.....	\$ 313.44	\$ 2,454.30
TRAFFIC:		
Advertising.....	\$ 89.80	.....
Stationery and Printing.....	11.71	\$ 53.07
Total Traffic.....	\$ 101.51	\$ 53.07

THE POTEAU VALLEY RAILROAD COMPANY
Comparative Statement of Revenues and Expenses for the Year Ended
December 31, 1920

	FEDERAL-CORPORATE 1920	FEDERAL 1919
RAILWAY OPERATING EXPENSES—Continued.		
TRANSPORTATION—RAIL LINE:		
Superintendence.....	\$ 236.66	\$ 230.01
Station Employees.....	1,369.64	1,260.46
Station Supplies and Expenses.....	25.70	40.40
Train Enginemen.....	5,817.29	4,732.36
Fuel for Train Locomotives.....	3,667.67	3,342.69
Water for Train Locomotives.....	190.28	180.00
Lubricants for Train Locomotives.....	12.30	14.99
Other Supplies for Train Locomotives.....	178.89	26.44
Enginehouse Expenses—Train.....	1,964.01	1,425.68
Trainmen.....	5,049.42	3,989.73
Train Supplies and Expenses.....	90.73	131.25
Stationery and Printing.....	54.78	52.97
Other Expenses.....	6.48	.....
Insurance.....	2.00	2.00
Clearing Wrecks.....	186.05	151.83
Damage to Live Stock on Right of Way.....	189.04	14.97
Loss and Damage—Freight.....	3.25	33.60
Total Transportation—Rail Line.....	\$19,044.19	\$15,629.38
GENERAL:		
Salaries and Expenses of Clerks and Attendants.....	\$ 900.00	\$ 901.50
Law Expenses.....	Cr. 1.25	10.00
Insurance.....	10.00	12.00
Stationery and Printing.....	377.80	146.44
Other Expenses.....	37.62	.....
Total General.....	\$ 1,324.17	\$ 1,069.94
Grand Total Railway Operating Expenses.....	\$29,320.04	\$30,483.20
Net Revenue from Railway Operations—Deficit.....	\$ 7,533.96	\$17,413.63
RAILWAY TAX ACCRUALS.....	\$ 2,408.93	\$ 1,165.69
UNCOLLECTIBLE RAILWAY REVENUES.....	.....	10.27
Total Tax Accruals and Uncollectible Revenues.....	\$ 2,408.93	\$ 1,175.96
Total Operating Income—Deficit.....	\$ 9,942.89	\$18,589.59

THE KANSAS CITY, SHREVEPORT & GULF TERMINAL COMPANY

Comparative General Balance Sheet, December 31, 1920

ASSETS	DECEMBER 31, 1920	DECEMBER 31, 1919	INCREASE	DECREASE
INVESTMENTS.				
Investment in Road and Equipment.....	\$363,963.19	\$334,705.24	\$29,257.95	
Miscellaneous Physical Property.....	106,608.44	101,256.69	5,351.75	
Total Investments.....	\$470,571.63	\$435,961.93	\$34,609.70	
CURRENT ASSETS.				
Cash.....	\$ 12,638.49	\$ 4,296.87	\$ 8,341.62	
Special Deposits.....	173.00	363.00		\$190.00
Miscellaneous Accounts receivable.....	44,077.10	1,569.58	42,507.52	
Rents receivable.....	2,500.00		2,500.00	
Total Current Assets.....	\$ 59,388.59	\$ 6,229.45	\$53,159.14	
DEFERRED ASSETS.				
Other Deferred Assets:				
U. S. Government accounts.....	\$ 5,902.33	\$ 5,902.33		
UNADJUSTED DEBITS.				
Rents and Insurance Premiums paid in advance.....	\$ 108.46		\$ 108.46	
Other Unadjusted Debits:				
U. S. Government—Accrued Standard Return.....	13,031.78	\$ 12,029.32	1,002.46	
Other accounts.....	4,244.83	94.51	4,150.32	
Total Unadjusted Debits.....	\$ 17,385.07	\$ 12,123.83	\$ 5,261.24	
Grand Totals.....	\$553,247.62	\$460,217.54	\$93,030.08	

LIABILITIES	DECEMBER 31, 1920	DECEMBER 31, 1919	INCREASE	DECREASE
CAPITAL STOCK.....	\$150,000.00	\$150,000.00		
LONG-TERM DEBT.				
Funded Debt Unmatured:				
First Mortgage 30-Year 4 Per Cent. Gold Bonds, due August 1, 1927.....	\$150,000.00	\$150,000.00		
Nonnegotiable Debt to Affiliated Companies:				
Open Account—The Kansas City Southern Ry. Co.....	174,350.00	122,350.00	\$52,000.00	
Total Long-term Debt.....	\$324,350.00	\$272,350.00	\$52,000.00	
CURRENT LIABILITIES.				
Audited Accounts and Wages payable.....	\$ 38,929.77	\$ 19.43	\$38,910.34	
Miscellaneous Accounts payable.....	2.00		2.00	
Interest Matured unpaid.....	173.00	363.00		\$190.00
Unmatured Interest accrued.....	2,500.00	2,500.00		
Other Current Liabilities.....	300.47	453.80		153.33
Total Current Liabilities.....	\$ 41,905.24	\$ 3,336.23	\$38,569.01	
DEFERRED LIABILITIES.				
Other Deferred Liabilities:				
U. S. Government accounts.....	\$ 13,504.93	\$ 10,688.86	\$ 2,816.07	
UNADJUSTED CREDITS.				
Tax Liability.....		\$ 584.18		\$584.18
Other Unadjusted Credits.....	\$ 1,213.51		\$ 1,213.51	
Total Unadjusted Credits.....	\$ 1,213.51	\$ 584.18	\$ 629.33	
CORPORATE SURPLUS.				
Profit and Loss credit balance.....	\$ 22,273.94	\$ 23,258.27		\$984.33
Grand Totals.....	\$553,247.62	\$460,217.54	\$93,030.08	

The above Balance Sheet as at December 31, 1920, in our opinion correctly shows the financial position of The Kansas City, Shreveport & Gulf Terminal Company at that date as an individual Company, subject to such adjustment as may be required in the settlement of U. S. Government accounts, and is included in the Combined Balance Sheet of The Kansas City Southern Railway Company and its Subsidiary Companies.

134 SOUTH LA SALLE STREET,
CHICAGO, May 21, 1921.

PRICE, WATERHOUSE & CO.,
Chartered Accountants.

THE KANSAS CITY, SHREVEPORT & GULF TERMINAL COMPANY

Income Account for the Year Ended December 31, 1920

	DEBITS	CREDITS	NET INCOME DEFICIT
FEDERAL CONTROL—January-February, 2 Months.			
NONOPERATING INCOME.			
Income from Lease of Road.....		\$1,002.46	
Miscellaneous Nonoperating Physical Property.....		760.53	
Income from Unfunded Securities and Accounts.....		16.66	
DEDUCTIONS FROM GROSS INCOME.			
Miscellaneous Tax Accruals.....	\$1,476.51		
Interest on Funded Debt.....	1,000.00		
Totals.....	\$2,476.51	\$1,779.65	\$696.86
GUARANTY PERIOD—March-August, 6 Months.			
OPERATING INCOME.			
Railway Tax Accruals.....	\$1,887.65		
NONOPERATING INCOME.			
Joint Facility Rent Income.....		\$5,202.21	
Miscellaneous Rent Income.....		811.00	
Miscellaneous Nonoperating Physical Property.....	636.02		
Income from Unfunded Securities and Accounts.....		48.67	
DEDUCTIONS FROM GROSS INCOME.			
Miscellaneous Tax Accruals.....	726.18		
Interest on Funded Debt.....	3,000.00		
Totals.....	\$6,249.85	\$6,061.88	187.97
CORPORATE MANAGEMENT—September-December, 4 Months.			
OPERATING INCOME.			
Railway Tax Accruals.....	\$1,126.16		
NONOPERATING INCOME.			
Joint Facility Rent Income.....		\$3,407.28	
Miscellaneous Rent Income.....		1.00	
Miscellaneous Nonoperating Physical Property.....	391.30		
Income from Unfunded Securities and Accounts.....		83.03	
DEDUCTIONS FROM GROSS INCOME.			
Miscellaneous Tax Accruals.....	82.50		
Interest on Funded Debt.....	2,000.00		
Totals.....	\$3,599.96	\$3,491.31	108.65
TOTAL NET INCOME—DEFICIT.....			\$993.48

Profit and Loss Account for the Year Ended December 31, 1920

	DEBITS	CREDITS
Credit Balance at beginning of year.....		\$23,258.27
Miscellaneous Credits.....		9.15
Debit Balance transferred from Income.....	\$ 993.48	
Credit Balance carried to Balance Sheet.....	22,273.94	
Totals.....	\$23,267.42	\$23,267.42

THE KANSAS CITY, SHREVEPORT & GULF TERMINAL COMPANY
Comparative Statement of Revenues and Expenses for the Year Ended
December 31, 1920

	FEDERAL-CORPORATE 1920	FEDERAL 1919
RAILWAY OPERATING REVENUES.		
2 Months ended February 29.....	\$ 992.53	\$ 589.15
6 Months ended August 31.....		2,150.34
4 Months ended December 31.....		1,956.88
Totals.....	\$ 992.53	\$ 4,696.37
RAILWAY OPERATING EXPENSES.		
MAINTENANCE OF WAY AND STRUCTURES:		
2 Months ended February 29.....	\$ 686.41	\$ 567.73
6 Months ended August 31.....		909.05
4 Months ended December 31.....		3,120.05
Totals.....	\$ 686.41	\$ 4,596.83
TRANSPORTATION—RAIL LINE:		
2 Months ended February 29.....	\$ 6,739.73	\$ 5,152.46
6 Months ended August 31.....		13,382.57
4 Months ended December 31.....		9,445.54
Totals.....	\$ 6,739.73	\$27,980.57
GENERAL:		
2 Months ended February 29.....	\$ 83.65	\$ 75.00
6 Months ended August 31.....		223.03
4 Months ended December 31.....		102.64
Totals.....	\$ 83.65	\$ 400.67
RAILWAY OPERATING EXPENSES:		
2 Months ended February 29.....	\$ 7,509.79	\$ 5,795.19
6 Months ended August 31.....		14,514.65
4 Months ended December 31.....		12,668.23
Grand Totals.....	\$ 7,509.79	\$32,978.07
NET REVENUE FROM RAILWAY OPERATIONS—DEFICIT:		
2 Months ended February 29.....	\$ 6,517.26	\$ 5,206.04
6 Months ended August 31.....		12,364.31
4 Months ended December 31.....		10,711.35
Totals.....	\$ 6,517.26	\$28,281.70
RAILWAY TAX ACCRUALS:		
2 Months ended February 29.....	\$ 1,495.80	\$ 510.38
6 Months ended August 31.....	1,887.65	1,531.15
4 Months ended December 31.....	1,126.16	987.30
Totals.....	\$ 4,509.61	\$ 3,028.83
OPERATING INCOME—DEFICIT:		
2 Months ended February 29.....	\$ 8,013.06	\$ 5,716.42
6 Months ended August 31.....	1,887.65	13,895.46
4 Months ended December 31.....	1,126.16	11,698.65
Totals.....	\$11,026.87	\$31,310.53

THE KANSAS CITY, SHREVEPORT & GULF TERMINAL COMPANY
Comparative Statement of Revenues and Expenses for the Year Ended
December 31, 1920

	FEDERAL-CORPORATE 1920	FEDERAL 1919
RAILWAY OPERATING REVENUES.		
INCIDENTAL:		
Station, Train and Boat Privileges.....	\$ 1,493.05	\$ 1,355.49
Storage—Baggage.....	2,984.72	2,522.59
Rents of Buildings and Other Property.....	780.00	780.00
Miscellaneous.....	30.08	38.29
JOINT FACILITY.....	<i>Dr. 4,295.32</i>	
Total Railway Operating Revenues.....	\$ 992.53	\$ 4,696.37
RAILWAY OPERATING EXPENSES.		
MAINTENANCE OF WAY AND STRUCTURES:		
Superintendence.....	\$ 929.55	\$ 477.74
Roadway Maintenance.....	3,721.26	905.56
Ties.....	557.85	23.45
Rails.....	78.63	
Other Track Material.....	243.25	6.85
Ballast.....	28.08	
Track Laying and Surfacing.....	2,217.98	1,391.80
Crossings and Signs.....	334.86	
Station and Office Buildings.....	14,172.04	3,589.33
Insurance.....	542.33	
Paving.....	20.26	
Maintaining Joint Tracks, Yards and Other Facilities— <i>Dr.</i>	95.68	574.08
Maintaining Joint Tracks, Yards and Other Facilities— <i>Cr.</i>	<i>22,255.36</i>	<i>2,371.98</i>
Total Maintenance of Way and Structures.....	\$ 686.41	\$ 4,596.83
TRANSPORTATION—RAIL LINE:		
Superintendence.....	\$ 283.12	\$ 298.87
Station Employees.....	61,862.11	38,023.38
Station Supplies and Expenses.....	9,301.46	6,320.76
Yard Switch and Signal Tenders.....	136.38	110.00
Operating Joint Yards and Terminals— <i>Cr.</i>	<i>65,492.70</i>	<i>16,887.64</i>
Stationery and Printing.....	41.50	64.72
Insurance.....	117.06	46.80
Damage to Property.....	30.00	
Loss and Damage—Baggage.....	460.80	3.68
Total Transportation—Rail Line.....	\$ 6,739.73	\$27,980.57
GENERAL:		
Salaries and Expenses of Clerks and Attendants.....	\$ 900.00	\$ 900.00
Law Expenses.....	5.00	
Insurance.....	10.50	9.00
Stationery and Printing.....	225.04	69.85
Other Expenses.....	56.48	
General Joint Facilities— <i>Cr.</i>	<i>1,113.37</i>	<i>578.18</i>
Total General.....	\$ 83.65	\$ 400.67
Grand Total Railway Operating Expenses.....	\$ 7,509.79	\$32,978.07
Net Revenue from Railway Operations—Deficit.....	\$ 6,517.26	\$28,281.70
RAILWAY TAX ACCRUALS.	\$ 4,509.61	\$ 3,028.83
Total Operating Income—Deficit.....	\$11,026.87	\$31,310.53

PORT ARTHUR CANAL & DOCK COMPANY
Comparative General Balance Sheet, December 31, 1920

ASSETS	DECEMBER 31, 1920	DECEMBER 31, 1919	INCREASE	DECREASE
INVESTMENTS.				
Property Investment.....	\$3,004,185.36	\$3,000,526.32	\$ 3,659.04	
CURRENT ASSETS.				
Cash.....	\$ 17,202.96	\$ 2,353.57	\$ 14,849.39	
Net Balance receivable from Agents.....	25,792.32	.....	25,792.32	
Miscellaneous Accounts receivable.....	4,761.90	1,726.28	3,035.62	
Material and Supplies.....	40,468.55	.....	40,468.55	
Total Current Assets.....	\$ 88,225.73	\$ 4,079.85	\$ 84,145.88	
DEFERRED ASSETS.				
Other Deferred Assets:				
U. S. Government accounts.....	\$ 15,745.71	\$ 15,902.84	.....	\$157.13
Other accounts.....	164.48	.....	\$ 164.48	
Total Deferred Assets.....	\$ 15,910.19	\$ 15,902.84	\$ 7.35	
UNADJUSTED DEBITS.				
Insurance Premiums paid in advance.....	\$ 8,970.29	.....	\$ 8,970.29	
Other Unadjusted Debits:				
U. S. Government—Income Guaranty.....	26,832.16	.....	26,832.16	
Other accounts.....	3,911.09	\$ 313.11	3,597.98	
Total Unadjusted Debits.....	\$ 39,713.54	\$ 313.11	\$ 39,400.43	
Grand Totals.....	\$3,148,034.82	\$3,020,822.12	\$127,212.70	

LIABILITIES	DECEMBER 31, 1920	DECEMBER 31, 1919	INCREASE	DECREASE
CAPITAL STOCK.....	\$1,000,000.00	\$1,000,000.00		
LONG-TERM DEBT.				
Funded Debt Unmatured:				
First Mortgage 5 Per Cent. Gold Bonds, due August 1, 1956.....	\$1,000,000.00	\$1,000,000.00		
Receiver's Certificates.....	69,529.05	69,529.05		
Nonnegotiable Debt to Affiliated Companies:				
Notes—The Kansas City Southern Ry. Co.....	783,333.33	733,333.33	\$ 50,000.00	
Open Account—The Kansas City Southern Ry. Co.....	1,134,583.36	1,009,583.36	125,000.00	
Total Long-term Debt.....	\$2,987,445.74	\$2,812,445.74	\$175,000.00	
CURRENT LIABILITIES.				
Audited Accounts and Wages payable.....	\$ 23,197.06	\$ 1,224.98	\$ 21,972.08	
Miscellaneous Accounts payable.....	337.87	.....	337.87	
Unmatured Interest accrued—The Kansas City Southern Ry. Co.....	20,833.33	20,833.33		
Total Current Liabilities.....	\$ 44,368.26	\$ 22,058.31	\$ 22,309.95	
DEFERRED LIABILITIES.				
Other Deferred Liabilities:				
U. S. Government accounts.....	\$ 71,419.52	\$ 47,613.28	\$ 23,806.24	
UNADJUSTED CREDITS.				
Tax Liability.....	\$ 10,563.32	\$ 26.85	\$ 10,536.47	
Other Unadjusted Credits:				
U. S. Government—Accrued Standard Return.....	78,107.12	72,098.88	6,008.24	
Other accounts.....	18,344.04	.....	18,344.04	
Total Unadjusted Credits.....	\$ 107,014.48	\$ 72,125.73	\$ 34,888.75	
Total Liabilities.....	\$4,210,248.00	\$3,954,243.06	\$256,004.94	
CORPORATE DEFICIT.				
Profit and Loss debit balance.....	1,062,213.18	933,420.94	128,792.24	
Grand Totals.....	\$3,148,034.82	\$3,020,822.12	\$127,212.70	

The above Balance Sheet as at December 31, 1920, in our opinion correctly shows the financial position of the Port Arthur Canal & Dock Company at that date as an individual Company, subject to such adjustment as may be required in the settlement of U. S. Government accounts, and is included in the Combined Balance Sheet of The Kansas City Southern Railway Company and its Subsidiary Companies.

134 SOUTH LA SALLE STREET,
CHICAGO, May 21, 1921.

PRICE, WATERHOUSE & CO.,
Chartered Accountants.

PORT ARTHUR CANAL & DOCK COMPANY

Income Account for the Year Ended December 31, 1920

	DEBITS	CREDITS	NET INCOME DEFICIT
FEDERAL CONTROL—January-February, 2 Months.			
NONOPERATING INCOME.			
Income from Lease of Road.....	\$ 6,008.24		
Miscellaneous Rent Income.....		\$ 18.00	
Income from Unfunded Securities and Accounts.....		7.81	
DEDUCTIONS FROM GROSS INCOME.			
Interest on Funded Debt.....	8,333.34		
Miscellaneous Income Charges:			
Expenses Prior to January 1, 1918.....	252.87		
Totals.....	\$14,594.45	\$ 25.81	\$ 14,568.64
GUARANTY PERIOD—March-August, 6 Months.			
OPERATING INCOME.			
Operating Revenues.....		\$15,937.57	
Operating Expenses.....	\$51,794.45		
Tax Accruals.....	9,000.00		
NONOPERATING INCOME.			
Miscellaneous Rent Income.....		1,022.60	
Income from Unfunded Securities and Accounts.....		56.13	
Miscellaneous Income:			
Federal Guaranty of Income.....		26,832.16	
DEDUCTIONS FROM GROSS INCOME.			
Interest on Funded Debt.....	25,000.00		
Interest on Unfunded Debt.....	457.90		
Totals.....	\$86,252.35	\$43,848.46	42,403.89
CORPORATE MANAGEMENT—September-December, 4 Months.			
OPERATING INCOME.			
Operating Revenues.....		\$13,445.55	
Operating Expenses.....	\$62,639.54		
Tax Accruals.....	6,000.00		
NONOPERATING INCOME.			
Miscellaneous Rent Income.....		825.13	
Income from Unfunded Securities and Accounts.....		115.96	
DEDUCTIONS FROM GROSS INCOME.			
Interest on Funded Debt.....	16,666.66		
Interest on Unfunded Debt.....	910.13		
Totals.....	\$86,216.33	\$14,386.64	71,829.69
TOTAL NET INCOME—DEFICIT			\$128,802.22

Profit and Loss Account for the Year Ended December 31, 1920

	DEBITS	CREDITS
Debit Balance at beginning of year.....	\$ 933,420.94	
Miscellaneous Credits.....		\$ 9.98
Debit Balance transferred from Income.....	128,802.22	
Debit Balance carried to Balance Sheet.....		1,062,213.18
Totals.....	\$1,062,223.16	\$1,062,223.16

PORT ARTHUR CANAL & DOCK COMPANY

Statement of Expenses, Etc., Accrued Prior to January 1, 1918, and Charged by the United States Railroad Administration to the Canal & Dock Company

OPERATING EXPENSES.		
TRANSPORTATION:		
Station Supplies and Expenses.....		\$252.87
Total Expenses Prior to January 1, 1918.....		\$252.87

Comparative Statement of Revenues and Expenses for the Year Ended December 31, 1920

	FEDERAL-CORPORATE 1920	FEDERAL 1919
OPERATING REVENUES.		
2 Months ended February 29.....	\$ 5,552.97	\$ 3,180.82
6 Months ended August 31.....	15,937.57	5,808.18
4 Months ended December 31.....	13,445.55	9,016.09
Totals.....	\$ 34,936.09	\$18,005.09
OPERATING EXPENSES.		
MAINTENANCE OF WAY AND STRUCTURES:		
2 Months ended February 29.....	\$ 14,075.62	\$ 4,151.62
6 Months ended August 31.....	23,420.97	26,614.82
4 Months ended December 31.....	27,244.88	34,063.18
Totals.....	\$ 64,741.47	\$64,829.62
TRANSPORTATION:		
2 Months ended February 29.....	\$ 3,527.53	\$ 2,587.52
6 Months ended August 31.....	21,760.17	6,640.02
4 Months ended December 31.....	22,485.45	4,380.98
Totals.....	\$ 47,773.15	\$13,608.52
MISCELLANEOUS OPERATIONS:		
2 Months ended February 29.....	\$ 3,084.20	\$ 4,016.81
6 Months ended August 31.....	6,381.43	3,894.73
4 Months ended December 31.....	12,906.71	7,775.26
Totals.....	\$ 22,372.34	\$15,686.80
GENERAL:		
2 Months ended February 29.....	\$.47	\$ 246.77
6 Months ended August 31.....	231.88	542.00
4 Months ended December 31.....	2.50	6.50
Totals.....	\$ 234.85	\$ 795.27
OPERATING EXPENSES:		
2 Months ended February 29.....	\$ 20,687.82	\$11,002.72
6 Months ended August 31.....	51,794.45	37,691.57
4 Months ended December 31.....	62,639.54	46,225.92
Grand Totals.....	\$135,121.81	\$94,920.21
NET REVENUE FROM OPERATIONS—DEFICIT:		
2 Months ended February 29.....	\$ 15,134.85	\$ 7,821.90
6 Months ended August 31.....	35,856.88	31,883.39
4 Months ended December 31.....	49,193.99	37,209.83
Totals.....	\$100,185.72	\$76,915.12
TAX ACCRUALS:		
2 Months ended February 29.....	\$ 3,962.33	\$ 2,335.84
6 Months ended August 31.....	9,000.00	7,007.52
4 Months ended December 31.....	6,000.00	4,763.90
Totals.....	\$ 18,962.33	\$14,107.26
OPERATING INCOME—DEFICIT:		
2 Months ended February 29.....	\$ 19,097.18	\$10,157.74
6 Months ended August 31.....	44,856.88	38,890.91
4 Months ended December 31.....	55,193.99	41,973.73
Totals.....	\$119,148.05	\$91,022.38

PORT ARTHUR CANAL & DOCK COMPANY
Comparative Statement of Revenues and Expenses for the Year Ended
December 31, 1920

	FEDERAL- CORPORATE 1920	FEDERAL 1919
OPERATING REVENUES.		
INCIDENTAL:		
Grain Elevator.....	\$ 19,511.97	\$ 7,201.44
Rents of Buildings and Other Property.....	3,000.00	3,000.00
Miscellaneous.....	12,424.12	7,803.65
Total Operating Revenues.....	\$ 34,936.09	\$18,005.09
OPERATING EXPENSES.		
MAINTENANCE OF WAY AND STRUCTURES:		
Superintendence.....	\$ 1,258.32	\$ 2,083.19
Stationery and Printing.....		2.28
Station and Office Buildings.....	11,479.64	3,663.82
Grain Elevators.....	7,979.67	16,199.97
Wharves and Docks.....	24,478.06	42,236.44
Coal and Ore Wharves.....	2,359.10	
Small Tools and Supplies.....	Cr. 40.63	267.35
Roadway Machines.....		13.88
Insurance.....	17,227.31	363.69
Injuries to Persons.....		Cr. 1.00
Total Maintenance of Way and Structures.....	\$ 64,741.47	\$64,829.62
TRANSPORTATION:		
Superintendence.....	\$ 3,076.70	\$ 1,734.56
Station Employees.....	20,214.17	10,701.32
Station Supplies and Expenses.....	1,801.45	1,033.80
Stationery and Printing.....	166.29	119.84
Insurance.....	22,512.54	20.00
Injuries to Persons.....	2.00	Cr. 1.00
Total Transportation.....	\$ 47,773.15	\$13,608.52
MISCELLANEOUS OPERATIONS:		
Grain Elevators.....	\$ 22,372.34	\$15,686.80
GENERAL:		
Law Expenses.....		\$ 698.80
Insurance.....	\$ 6.00	6.00
Stationery and Printing.....	202.60	90.47
Other Expenses.....	26.25	
Total General.....	\$ 234.85	\$ 795.27
Grand Total Operating Expenses.....	\$135,121.81	\$94,920.21
Net Revenue from Operations—Deficit.....	\$100,185.72	\$76,915.12
TAX ACCRUALS.....	18,962.33	14,107.26
Total Operating Income—Deficit.....	\$119,148.05	\$91,022.38

THE K. C. S. ELEVATOR COMPANY
Comparative General Balance Sheet, December 31, 1920

ASSETS	DECEMBER 31, 1920	DECEMBER 31, 1919	INCREASE	DECREASE
INVESTMENTS.				
Property Investment.....	\$ 61,863.46	\$ 62,414.38	.....	\$ 550.92
CURRENT ASSETS.				
Cash.....	\$ 3,481.10	\$ 12,905.74	.....	\$9,424.64
Miscellaneous Accounts receivable.....	351.46	351.46		
Total Current Assets.....	\$ 3,832.56	\$ 13,257.20	.....	\$9,424.64
UNADJUSTED DEBITS.				
Rents and Insurance Premiums paid in advance.....	\$ 847.39	\$ 389.15	\$458.24	
Other Unadjusted Debits.....	32.05	27.55	4.50	
Total Unadjusted Debits.....	\$ 879.44	\$ 416.70	\$462.74	
Grand Totals.....	\$ 66,575.46	\$ 76,088.28	.....	\$9,512.82

LIABILITIES	DECEMBER 31, 1920	DECEMBER 31, 1919	INCREASE	DECREASE
CAPITAL STOCK.....	\$ 25,000.00	\$ 25,000.00		
LONG-TERM DEBT.				
Nonnegotiable Debt to Affiliated Companies:				
Open Account—The Kansas City Southern Ry. Co.....	\$ 96,044.03	\$104,044.03	.....	\$8,000.00
CURRENT LIABILITIES.				
Audited Accounts and Wages payable.....	\$ 33.88	\$ 852.98	.....	\$ 819.10
Miscellaneous Accounts payable.....	489.63	489.63		
Total Current Liabilities.....	\$ 523.51	\$ 1,342.61	.....	\$ 819.10
UNADJUSTED CREDITS.				
Tax Liability.....	\$ 388.76	\$ 302.59	\$ 86.17	
Other Unadjusted Credits.....	1,250.00	1,250.00		
Total Unadjusted Credits.....	\$ 1,638.76	\$ 1,552.59	\$ 86.17	
Total Liabilities.....	\$123,206.30	\$131,939.23	.....	\$8,732.93
CORPORATE DEFICIT.				
Profit and Loss debit balance.....	56,630.84	55,850.95	\$779.89	
Grand Totals.....	\$ 66,575.46	\$ 76,088.28	.....	\$9,512.82

The above Balance Sheet as at December 31, 1920, in our opinion correctly shows the financial position of The K. C. S. Elevator Company at that date as an individual Company, and is included in the Combined Balance Sheet of The Kansas City Southern Railway Company and its Subsidiary Companies.

134 SOUTH LA SALLE STREET,
CHICAGO, May 21, 1921.

PRICE, WATERHOUSE & CO.,
Chartered Accountants.

THE K. C. S. ELEVATOR COMPANY

Comparative Statement of Revenues, Expenses and Income for the Year Ended December 31, 1920

	1920	1919
OPERATING REVENUES.		
INCIDENTAL:		
Grain Elevator.		
Rental.....	\$7,500.00	\$ 7,500.00
Elevation.....		1,386.65
Storage.....		Dr. 14.88
Total Operating Revenues.....	\$7,500.00	\$ 8,871.77
OPERATING EXPENSES.		
MAINTENANCE:		
Grain Elevators.		
Superintendence.....	\$ 8.87	
Repairs to Buildings.....	35.90	\$ 2,818.34
Repairs to Machinery.....	1,401.61	4,877.35
Insurance.....	4,683.62	4,338.90
Total Maintenance.....	\$6,130.00	\$12,034.59
MISCELLANEOUS OPERATIONS:		
Grain Elevators.		
Superintendence.....		\$ 2.60
Oil and Waste.....	\$ 26.00	
Fuel and Supplies.....		439.11
Stationery and Printing.....	5.10	Cr. 10.00
Other Expenses.....		1,298.67
Total Miscellaneous Operations.....	\$ 31.10	\$ 1,730.38
GENERAL:		
Other Expenses.....		Cr. \$ 108.27
Grand Total Operating Expenses.....	\$6,161.10	\$13,656.70
Net Revenue from Operations.....	\$1,338.90	\$ 4,784.93*
TAX ACCRUALS.....	1,676.59	2,324.45
Total Operating Income—Deficit.....	\$ 337.69	\$ 7,109.38
NONOPERATING INCOME.		
Income from Unfunded Securities and Accounts.....	\$ 120.45	\$ 271.34
Gross Income—Deficit.....	\$ 217.24	\$ 6,838.04
Net Income—Deficit.....	\$ 217.24	\$ 6,838.04
*Deficit. Profit and Loss Account for the Year Ended December 31, 1920		
	DEBITS	CREDITS
Debit Balance at beginning of year.....	\$55,850.95	
Debit Balance transferred from Income.....	217.24	
Loss on Property retired.....	562.65	
Debit Balance carried to Balance Sheet.....		\$56,630.84
Totals.....	\$56,630.84	\$56,630.84

THE KANSAS CITY SOUTHERN RAILWAY COMPANY AND ITS SUBSIDIARY COMPANIES

Combined Balance Sheet, December 31, 1920

ASSETS		
INVESTMENTS.		
Investment in Road and Equipment.....	\$103,125,393.64	
Deposit in lieu of Mortgaged Property sold.....	38,370.66	
Miscellaneous Physical Property.....	5,363,606.15	
Investments in Affiliated Companies:		
Stocks.....	\$ 230,833.33	
Notes.....	18,502.90	
Advances.....	31,084.33	280,420.56
Other Investments:		
Stocks.....	\$ 13,535.18	
Bonds.....	21,498.72	
Notes.....	28,227.20	
Miscellaneous.....	46,709.30	109,970.40
Total Investments.....		\$108,917,761.41
CURRENT ASSETS:		
Cash.....	\$ 1,786,962.01	
Special Deposits.....	751,007.31	
Loans and Bills receivable.....	12,268.87	
Traffic and Car-service Balances receivable:		
U. S. Government transportation accounts.....	\$ 21,328.09	
Other accounts.....	832,355.37	853,683.46
Net Balance receivable from Agents and Conductors.....	451,712.61	
Miscellaneous Accounts receivable.....	1,112,712.64	
Material and Supplies.....	2,610,709.97	
Interest and Dividends receivable.....	9,338.88	
Other Current Assets (including U. S. Liberty Loan Bonds, at par, \$501,500.00)....	553,221.06	
Total Current Assets.....		8,141,616.81
DEFERRED ASSETS.		
Working Fund Advances.....	\$ 8,519.52	
Other Deferred Assets:		
U. S. Government accounts.....	\$5,766,562.95	
Other accounts.....	74,622.75	5,841,185.70
Total Deferred Assets.....		5,849,705.22
UNADJUSTED DEBITS.		
Rents and Insurance Premiums paid in advance.....	\$ 31,133.51	
Property Abandoned chargeable to Operating Expenses.....	451,341.30	
Other Unadjusted Debits:		
U. S. Government—Accrued Standard Return.....	\$3,151,550.80	
U. S. Government—Income Guaranty.....	575,347.32	
U. S. Government—Interest on Additions and Betterments.....	110,097.04	
Other accounts.....	608,877.18	4,445,872.34
Total Unadjusted Debits.....		4,928,347.15
Grand Total.....		\$127,837,430.59

THE KANSAS CITY SOUTHERN RAILWAY COMPANY AND ITS SUBSIDIARY COMPANIES

Combined Balance Sheet, December 31, 1920

LIABILITIES		
CAPITAL STOCK.		
Common Stock:		
Book Liability.....	\$30,000,000.00	
Held by or for Company.....	40,100.00	\$29,959,900.00
Preferred Stock:		
Book Liability.....	\$21,000,000.00	
Held by or for Company.....		21,000,000.00
Total Capital Stock.....		\$ 50,959,900.00
GOVERNMENTAL GRANTS.		
Grants in Aid of Construction.....		511.70
LONG-TERM DEBT.		
Funded Debt Unmatured:		
First Mortgage 3 Per Cent. Gold Bonds, due April 1, 1950.....	\$30,000,000.00	
Refunding and Improvement Mortgage 5 Per Cent. Gold Bonds, due April 1, 1950.....	18,000,000.00	
Bonds of Subsidiary Company.....	126,000.00	
Equipment Trust 5 Per Cent. Gold Notes.....	496,000.00	
Equipment Trust No. 34, 6 Per Cent. Temporary Gold Notes.....	954,000.00	
Total Long-term Debt.....		49,576,000.00
CURRENT LIABILITIES.		
Loans and Bills payable:		
U. S. Government.....	\$ 550,000.00	
Traffic and Car-service Balances payable:		
U. S. Government transportation accounts.....	\$ 17,324.71	
Other accounts.....	992,533.47	1,009,858.18
Audited Accounts and Wages payable.....		2,176,408.28
Miscellaneous Accounts payable.....		23,667.51
Interest Matured unpaid.....		513,843.00
Dividends Matured unpaid.....		4,618.00
Unmatured Dividends declared.....		210,000.00
Unmatured Interest accrued.....		313,889.46
Unmatured Rents accrued.....		11,052.85
Other Current Liabilities.....		286,095.27
Total Current Liabilities.....		5,099,432.55
DEFERRED LIABILITIES.		
Other Deferred Liabilities:		
U. S. Government accounts.....	\$ 8,750,211.17	
Other accounts.....	266,238.54	
Total Deferred Liabilities.....		9,016,449.71
UNADJUSTED CREDITS.		
Tax Liability.....	\$ 568,729.35	
Accrued Depreciation:		
Accruals under Corporate management.....	\$ 385,137.37	
Accruals during Federal control.....	362,567.67	747,705.04
Other Unadjusted Credits.....		1,587,685.89
Total Unadjusted Credits.....		2,904,120.28
CORPORATE SURPLUS.		
Additions to Property through Income and Surplus.....	\$ 96,771.09	
Appropriated Surplus not specifically invested.....	189,214.93	
Profit and Loss credit balance.....	9,995,030.33	
Total Corporate Surplus.....		10,281,016.35
Grand Total.....		\$127,837,430.59

NOTE.—In the above statement all intercompany accounts are eliminated, so that the Combined Balance Sheet shows the Liabilities to the public and the Assets available against the same.

We have examined the books of The Kansas City Southern Railway Company and its Subsidiary Companies for the year ended December 31, 1920, and we certify that, in our opinion, the above Combined Balance Sheet is properly drawn up therefrom and correctly sets forth the financial position of the Companies at that date, subject to such adjustment as may be required in the settlement of U. S. Government accounts.

134 SOUTH LA SALLE STREET,
CHICAGO, May 24, 1921.

PRICE, WATERHOUSE & CO.,
Chartered Accountants.

THE KANSAS CITY SOUTHERN RAILWAY COMPANY AND ITS SUBSIDIARY COMPANIES

Combined Income Account for the Year Ended December 31, 1920

	DEBITS	CREDITS	NET INCOME
OPERATING REVENUES.			
(March 1 to December 31, 1920).			
Freight.....		\$14,700,098.22	
Passenger.....		2,757,131.60	
Switching.....		572,550.98	
Excess Baggage.....		18,251.49	
Special Service Train.....		15,558.76	
Mail.....		195,248.17	
Express.....		320,711.00	
Other Freight-train.....		2,175.77	
Other Passenger-train.....		3,418.29	
Incidental.....		198,236.46	
Joint Facility.....		Dr. 1,030.15	
Total Operating Revenues.....		\$18,782,350.59	
OPERATING EXPENSES.			
(March 1 to December 31, 1920).			
Maintenance of Way and Structures.....	\$ 2,633,013.60		
Maintenance of Equipment.....	3,467,877.17		
Traffic Expenses.....	405,625.87		
Transportation—Rail Line.....	7,908,922.66		
General Expenses.....	831,764.60		
Transportation for Investment—Cr.....	12,702.38		
Total Operating Expenses.....	\$15,234,501.52		
TAX ACCRUALS (Year 1920).....	\$ 858,176.31		
UNCOLLECTIBLE RAILWAY REVENUES.....	2,426.24		
Total Tax Accruals and Uncollectible Revenues.....	\$ 860,602.55		
OPERATING INCOME.....	\$ 2,687,246.52		\$2,687,246.52
Totals.....	\$18,782,350.59	\$18,782,350.59	
NONOPERATING INCOME.			
Rent from Locomotives.....		\$ 40,217.87	
Rent from Passenger-train Cars.....		27,263.72	
Rent from Work Equipment.....		4,603.16	
Joint Facility Rents.....		156,531.57	
Income from Lease of Road (to February 29, 1920).....		479,278.60	
Miscellaneous Rent Income.....		10,717.61	
Miscellaneous Nonoperating Physical Property.....		26,269.26	
Income from Funded Securities.....		1,419.98	
Income from Unfunded Securities and Accounts.....		51,693.20	
Federal Guaranty of Income (March 1 to August 31, 1920).....		1,175,347.32	
Miscellaneous Income.....		113,363.03	
Total Nonoperating Income.....		\$ 2,086,705.32	

**THE KANSAS CITY SOUTHERN RAILWAY COMPANY
AND ITS SUBSIDIARY COMPANIES**

Combined Income Account for the Year Ended December 31, 1920

	DEBITS	CREDITS	NET INCOME
Brought Forward		\$ 2,086,705.32	\$2,687,246.52
DEDUCTIONS FROM GROSS INCOME.			
Hire of Freight Cars—Debit balance.....	\$ 592,459.45		
Rent for Locomotives.....	38,481.03		
Rent for Passenger-train Cars.....	61,862.31		
Rent for Work Equipment.....	2,890.17		
Joint Facility Rents.....	205,221.39		
Rent for Leased Roads.....	19.92		
Miscellaneous Rents.....	2,017.15		
Miscellaneous Tax Accruals.....	4,385.21		
Interest on Funded Debt.....	1,889,317.48		
Interest on Unfunded Debt.....	48,209.39		
Maintenance of Investment Organization.....	25,161.60		
Miscellaneous Income Charges:			
Expenses Prior to January 1, 1918.....	46,704.61		
Revenues Prior to January 1, 1918.....	2,250.69		
Current Charges.....	25,298.70		
Total Deductions from Gross Income.....	\$ 2,944,279.10		
BALANCE APPLIED AGAINST NET INCOME.....		\$ 857,573.78	Dr. 857,573.78
Totals.....	\$ 2,944,279.10	\$ 2,944,279.10	
NET INCOME.....			\$1,829,672.74
DISPOSITION OF NET INCOME.			
Dividends on Preferred Stock.....	\$ 840,000.00		
INCOME BALANCE TRANSFERRED TO PROFIT AND LOSS.....	989,672.74		
Totals.....	\$ 1,829,672.74		\$1,829,672.74

Combined Profit and Loss Account for the Year Ended December 31, 1920

	DEBITS	CREDITS
Credit Balance at beginning of year.....		\$9,056,507.09
Credit Balance transferred from Income.....		989,672.74
Profit on Road and Equipment sold.....		440.85
Unrefundable Overcharges.....		1,239.61
Donations.....		8,212.69
Miscellaneous Credits.....		17,597.38
Surplus Appropriated for Investment in Physical Property.....	\$ 7,940.52	
Debt Discount Extinguished through Surplus.....	502.96	
Loss on Retired Road and Equipment.....	20,827.59	
Miscellaneous Debits.....	49,368.96	
Credit Balance transferred to Balance Sheet.....	9,995,030.33	
Totals.....	\$10,073,670.36	\$10,073,670.36

1921

TWENTY-SECOND ANNUAL REPORT

OF

THE KANSAS CITY SOUTHERN
RAILWAY COMPANY

FOR THE

FISCAL YEAR ENDED DECEMBER 31, 1921.

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ind

LEGEND

Size of Letter indicates Class of Town

under 2500 Population

indicates Towns with 2500 to 25,000

" " " 25,000 to 100,000

● **Memphis** indicates Towns with 100,000 to 250,000

● **St. Louis** " " over 250,000

TWENTY-SECOND ANNUAL REPORT

OF

THE KANSAS CITY SOUTHERN
RAILWAY COMPANY

FOR THE

FISCAL YEAR ENDED DECEMBER 31, 1921.

SS

CORPORATE ORGANIZATION

DIRECTORS

L. F. LOREE, Chairman of the Board, New York.			
JAMES A. BLAIR,	New York.	JOSEPH F. STILLMAN,	New York.
B. S. GUINNESS,	New York.	W. G. STREET,	New York.
*JOHN F. HARRIS,	New York.	ARTHUR TURNBULL,	New York.
WILLIAM C. LOREE,	New York.	W. H. WILLIAMS,	New York.
SAMUEL MCROBERTS,	New York.	J. A. EDSON,	Kansas City, Mo.
ANDREW J. MILLER,	New York.	GEO. M. MYERS,	Kansas City, Mo.
WALTER T. ROSEN,	New York.	EDWARD F. SWINNEY,	Kansas City, Mo.

*Resigned.

EXECUTIVE COMMITTEE

L. F. LOREE, Chairman,		
JAMES A. BLAIR,		WALTER T. ROSEN,
ANDREW J. MILLER,		ARTHUR TURNBULL.

OFFICERS

J. A. EDSON,	President.....	Kansas City, Mo.
A. M. CALHOUN,	Assistant to the President.....	Kansas City, Mo.
G. B. WOOD,	Assistant to the President.....	Kansas City, Mo.
G. P. WILLIAMS,	Assistant to the President.....	Beaumont, Tex.
J. F. HOLDEN,	Vice-President in Charge of Traffic.....	Kansas City, Mo.
H. A. WEAVER,	General Freight Agent.....	Kansas City, Mo.
S. G. WARNER,	General Passenger and Ticket Agent.....	Kansas City, Mo.
G. C. HAND,	Vice-President and Secretary.....	New York.
G. W. MULLER,	Assistant Secretary and Transfer Agent.....	New York.
B. B. SANFORD,	Assistant Secretary.....	New York.
L. J. HENSLEY,	Auditor and Assistant Secretary.....	Kansas City, Mo.
H. VISSCHER,	Treasurer.....	Kansas City, Mo.
I. C. MCGEE,	Assistant Treasurer.....	Kansas City, Mo.
J. J. WEISS,	Assistant Treasurer.....	New York.
SAMUEL UNTERMYER,	Counsel.....	New York.
S. W. MOORE,	General Counsel.....	New York.
F. H. MOORE,	General Solicitor.....	Kansas City, Mo.
A. F. SMITH,	Assistant General Solicitor.....	Kansas City, Mo.
G. H. MUCKLEY,	Commerce Counsel.....	Kansas City, Mo.
C. E. JOHNSTON,	General Manager.....	Kansas City, Mo.
E. H. HOLDEN,	General Superintendent of Transportation.....	Kansas City, Mo.
W. N. DERAMUS,	Superintendent of Car Service.....	Kansas City, Mo.
O. CORNELISEN,	Superintendent, Northern Division.....	Pittsburg, Kas.
J. E. MURPHY,	Superintendent, Southern Division.....	Texarkana, Tex.
J. M. WEIR,	Chief Engineer.....	Kansas City, Mo.
A. F. RUST,	Consulting Engineer.....	Kansas City, Mo.
M. A. HALL,	Superintendent of Machinery.....	Pittsburg, Kas.
B. B. BRAIN,	Purchasing Agent.....	Kansas City, Mo.

Stocks are transferred and Bonds registered or transferred at the New York Office.

NEW YORK OFFICE, 25 Broad Street.

GENERAL OFFICES, Kansas City, Mo.

KANSAS CITY, Mo., MAY 25, 1922.

To the Stockholders of

THE KANSAS CITY SOUTHERN RAILWAY COMPANY:

The twenty-second annual report of the affairs of your Company, being for the year ended December 31, 1921, is herewith presented.

SUMMARY OF OPERATIONS.

That portion of the system lying within the State of Texas, the mileage of which is included in the operated mileage of your Company, is operated separately by its owner, the Texarkana & Fort Smith Railway Company, which maintains its own general offices and books of account at Texarkana, Texas, in accordance with the State law. The reports of that company are, however, combined with those of the parent Company in so far as necessary to enable a comprehensive survey of operations for the entire line from Kansas City to the Gulf.

The succeeding statement shows the results of operation for the year, compared with such results for the preceding year:

	1921	1920	INCREASE	DECREASE
MILEAGE OPERATED.....	841.64	841.64		
OPERATING REVENUES.				
Freight.....	\$17,674,399.84	\$17,361,234.69	\$ 313,165.15	
Passenger.....	2,477,395.17	3,225,909.22		\$ 748,514.05
Excess Baggage.....	20,676.69	20,546.64	130.05	
Mail.....	282,033.82	421,560.74		139,526.92
Express.....	303,835.10	386,203.40		82,368.30
Other Passenger-train.....	6,706.52	4,283.93	2,422.59	
Switching.....	854,373.62	709,388.31	144,985.31	
Special Service Train.....	8,947.34	14,224.11		5,276.77
Other Freight-train.....	2,768.63	3,775.17		1,006.54
Incidental and Joint Facility.....	137,003.65	208,100.68		71,097.03
Gross Revenues.....	\$21,768,140.38	\$22,355,226.89		\$ 587,086.51
OPERATING EXPENSES.				
Maintenance of Way and Structures.....	\$ 3,033,548.17	\$ 3,004,631.86	\$ 28,916.31	
Maintenance of Equipment.....	3,899,867.16	4,322,926.07		\$ 423,058.91
Traffic.....	519,999.95	469,948.67	50,051.28	
Transportation.....	7,673,980.95	9,231,598.59		1,557,617.64
General.....	991,033.35	901,873.94	89,159.41	
Transportation for Investment—Cr.....	14,437.37	19,313.92		4,876.55
Total Operating Expenses.....	\$16,103,992.21	\$17,911,665.21		\$1,807,673.00
NET REVENUE.....	\$ 5,664,148.17	\$ 4,443,561.68	\$1,220,586.49	
TAXES.....	\$ 1,072,693.39	\$ 957,904.95	\$ 114,788.44	
UNCOLLECTIBLE REVENUES.....	10,405.17	5,114.99	5,290.18	
Total Taxes and Uncollectible Revenues.....	\$ 1,083,098.56	\$ 963,019.94	\$ 120,078.62	
OPERATING INCOME.....	\$ 4,581,049.61	\$ 3,480,541.74	\$1,100,507.87	
RATIO OF OPERATING EXPENSES TO GROSS REVENUES...	73.98%	80.12%		6.14%
RATIO OF OPERATING EXPENSES AND TAXES TO GROSS REVENUES.....	78.91%	84.41%		5.50%

The regulations of the Interstate Commerce Commission, in effect July 1, 1914, require that when men or materials employed in construction are conveyed in revenue trains, the estimated cost of their transportation shall be credited to operating expenses and charged to the appropriate investment account. No revenue charge was made by the companies against material used in their own operations.

The decline in Mail Revenue resulted mainly from additional sums allowed by decision of the Interstate Commerce Commission December 23, 1919, retroactive to November 1, 1916, and credited in the accounts of 1920.

Other fluctuations were due to conditions so well known and generally understood as not to require particular comment.

TAXES.

The increase in charges on account of taxes amounted to \$114,788.44, composed of the items below enumerated:

State, county and municipal taxes.....	\$85,365.25	
Federal income tax.....	21,379.71	
Federal capital stock tax.....	8,043.48	<u>\$114,788.44</u>

REVENUE TONNAGE.

The revenue tonnage movement for the year, as compared with that of the year preceding, was as follows:

For the year ended December 31, 1920.			
Revenue Tons one mile—North.....	924,232,967		
Revenue Tons one mile—South.....	750,484,348	1,674,717,315	
For the year ended December 31, 1921.			
Revenue Tons one mile—North.....	804,342,048		
Revenue Tons one mile—South.....	749,166,553	1,553,508,601	
Decrease in Revenue Tons one mile.....		<u>121,208,714</u>	

WAGE ADJUSTMENTS.

On June 1, 1921, the United States Railroad Labor Board rendered its Decision No. 147, and on June 25, 1921, Addendum No. 1 thereto, ordering a decrease in wages effective July 1, 1921, applicable to all employes except certain subordinate officers, certain employes of the engineering department, and employes of the police department, amounting on the average approximately to 10.25 per cent. It is estimated that, due to this award, the payrolls of your Company for the year were reduced to the extent of \$502,085.00.

COST OF SUPPLIES.

There was a somewhat conspicuous recession in the prices of supplies consumed in operation and of materials used in construction and maintenance, with the exception of fuel. The price of coal sustained an advance of 14.09 per cent., while that of fuel oil underwent a decline

amounting to 7.26 per cent. The appended exhibit shows the approximate average changes in the costs of principal materials in comparison with the preceding year:

DESCRIPTION OF MATERIAL.

MAINTENANCE OF WAY AND STRUCTURES:	Decrease
Angle Bars.....	8.3%
Anti-Creepers—Rail.....	9.0
Bolts—Treated Track.....	30.0
Cattle Guards—Steel.....	13.0
Cross Ties—White Oak.....	20.9
Frogs, Crossings and Switch Material.....	10.0
Hand Cars.....	7.9
Lumber—White Oak.....	30.0
Lumber—Yellow Pine.....	50.0
Paint—Bridge and Metal.....	11.0
Paint—Depot and Building.....	15.0
Push Cars.....	7.9
Rail—Standard Bessemer.....	....
Roofing—Texaco.....	10.0
Shingles—Cypress.....	8.9
Shovels—Track.....	....
Spikes—Track.....	30.0
Tie Plates.....	17.7
Tools—Roadway.....	15.0
Wire—Barbed.....	7.0
Wire—Woven.....	20.3
<hr/>	
MAINTENANCE OF EQUIPMENT:	
Air Brake Hose.....	41.6%
Air Brake Material.....	25.9
Asbestos and Magnesia Material.....	20.0
Axles—Engine.....	20.0
Babbitt.....	12.6
Belting—Leather.....	10.0
Bolts—Machine.....	22.8
Brake Beams—Metal, Freight.....	9.6
Brick—Fire.....	10.0
Brooms.....	7.2
Brushes.....	10.0
Car and Locomotive Replacers.....	18.4
Castings—Grey Iron.....	13.1
Castings—Malleable Iron.....	24.2
Castings—Steel.....	18.0
Copper—Sheet.....	12.1
Copper Ferrules.....	21.4
Couplers.....	20.3
Flues.....	25.0
Iron—Merchants Bar.....	32.5
Iron—Staybolt.....	28.0
Journal Boxes.....	10.3
Lumber—White Oak.....	30.0
Lumber—Yellow Pine.....	50.0
Nails—Common Wire.....	11.6
Nuts—Hot Pressed.....	27.0
Paint—Freight Car.....	25.0
Pipe—Merchants Black Steel.....	13.4
Rivets.....	21.7
Roofing—Galvanized Car.....	22.4
Springs—Elliptical.....	5.2
Springs—Helical.....	6.9
Steel—Fire Box Sheet.....	21.4

Steel—Tank Sheet.....	30.4
Tires—Locomotive Driving.....	11.2
Tools—Shop.....	15.0
Upholstering Material.....	45.0
Waste—Cotton Colored, No. 1.....	22.0
Wheels—Cast.....	4.0

CONDITION OF FREIGHT CARS.

When your property was returned by the Director General at the termination of Federal control, but 12.7 per cent. of the freight car equipment was on your own rails. At the end of the year 56.4 per cent. was on the home rails. As these cars came back they were found to be in wretched condition, due to the neglect of essential repairs. A programme for the thorough rehabilitation of this equipment was adopted, and within the year 1,343 cars were put into good condition, while 119 were dismantled and their value was written out of the property accounts. It is expected that this work will continue during 1922, so far as circumstances warrant.

MILES OF RAILROAD.

The track mileage of your Company at the end of the year was as below stated:

MAIN LINE:

Kansas City, Mo., to Belt Junction, Mo.....	12.01	
Grandview, Mo., to Port Arthur, Tex.....	765.14	777.15 miles

SECOND TRACK:

Between Second and Wyandotte Streets, Kansas City, Mo., and Air Line Junction, Mo.	5.41	
Pittsburg Yards.....	1.32	
Between Mile Posts 159 and 163.....	3.75	
Between DeQueen, Ark., and Neal Springs, Ark.....	8.45	18.93 "

BRANCHES:

Spiro, Okla., to Fort Smith, Ark.....	16.44	
Jenson, Ark., to Bonanza Mine.....	2.83	
Lockport Junction, La., to Lockport, La.....	4.03	
DeQuincy, La., to Lake Charles, La.....	22.59	
Asbury, Mo., to Lawton, Kas.....	5.16	51.05 "

YARD, TERMINAL AND SIDE TRACKS:

North of Belt Junction, Mo., and in and about Kansas City.....	85.61	
All other Yard, Terminal and Side Tracks.....	349.83	435.44 "
Total owned or controlled.....		1,282.57 miles

OPERATED UNDER TRACKAGE RIGHTS:

Tracks of the St. Louis-San Francisco Railway Co., between Belt Junction, Mo., and Grandview, Mo., used under contract:		
Main Line.....	10.96	
Side Tracks.....	2.33	
Tracks of the Kansas City Terminal Railway Co., between Union Station at Kansas City, Mo., and Sheffield, Mo., used under joint contract:		
First Main Track.....	5.31	
Second Main Track.....	5.11	
Tracks of The Missouri Pacific Railway Co., between Troost Avenue and Santa Fe Street, Kansas City, Mo., used under contract.....	1.55	25.26 "
Total in System.....		1,307.83 miles

MILEAGE BY STATES.

STATE	OWNED BY THE K. C. S. RY. CO. AND SUBSIDIARY COMPANIES				UNDER TRACKAGE RIGHTS	TOTAL MILEAGE
	Main Line	Second Main Track	Branches	Yard Track and Sidings		
Missouri.....	174.67	9.16	3.29	122.04	25.26	334.42
Kansas	18.38	1.32	1.87	55.68	....	77.25
Arkansas.....	152.92	8.45	4.23	50.67	....	216.27
Oklahoma.....	127.64	....	15.04	49.01	....	191.69
Louisiana.....	222.46	....	26.62	89.46	....	338.54
Texas	81.08	....	....	68.58	....	149.66
Totals.....	777.15	18.93	51.05	435.44	25.26	1,307.83

The total track mileage of the system was increased from 1,301.67 to 1,307.83, making a net change of 6.16 miles, which consists of the following items:

ADDITIONS:

Yard, Terminal and Side Tracks (net)..... 6.21 miles

DEDUCTIONS:

Yard Track of the St. Louis-San Francisco Railway Co., Kansas City, Kas..... .05 "

Total increase..... 6.16 miles

EQUIPMENT.

The Rolling Equipment owned or otherwise controlled on December 31, 1921, consisted of:

	Owned	Under Trust	Total
LOCOMOTIVES:			
Passenger.....	24	3	27
Freight.....	110	15	125
Switching.....	29	5	34
Totals.....	163	23	186
PASSENGER-TRAIN CARS:			
Coaches.....	29	....	29
Chair Cars.....	25	....	25
Coach and Baggage.....	2	....	2
Coach and Mail.....	1	....	1
Baggage.....	17	....	17
Baggage, Coach and Mail.....	1	....	1
Express and Mail.....	10	....	10
Totals.....	85	....	85
FREIGHT-TRAIN CARS:			
<i>In Commercial Service.</i>			
Box Cars.....	1,828	100	1,928
Furniture.....	218	96	314
Stock.....	278	....	278
Tank.....	224	....	224
Coal.....	210	1,191	1,401
Flat.....	168	197	365
Vinegar Tank.....	....	2	2
Totals.....	2,926	1,586	4,512

<i>In Work Service.</i>			
Box Cars.....	269	....	269
Coal.....	1	....	1
Flat.....	85	....	85
Ballast.....	35	....	35
Convertible Coal and Ballast.....	92	....	92
Water Cars.....	2	....	2
Totals.....	484	....	484
Cabooses.....	80	....	80
WORK EQUIPMENT:			
Business Cars.....	4	....	4
Wrecker Bunk.....	1	....	1
Outfit Coaches.....	8	....	8
Derricks.....	10	....	10
Steam Shovels.....	2	....	2
Slope Levelers.....	2	....	2
Ditchers.....	2	....	2
Pile Drivers.....	2	....	2
Lidgerwoods.....	7	....	7
Totals.....	38	....	38

In addition to this railroad property, its rights of way, real estate, buildings, equipment and appurtenances, the Company controls, by virtue of its ownership of securities, all the property of the following corporations, viz.:

THE ARKANSAS WESTERN RAILWAY COMPANY.

A standard-gauge line from Heavener, Oklahoma, to Waldron, Arkansas, 32.33 miles, together with rights of way, buildings and appurtenances; controlled by your Company through ownership of all the capital stock and bonds.

THE POTEAU VALLEY RAILROAD COMPANY.

A standard-gauge line from Shady Point, Oklahoma, to Calhoun, Oklahoma, 6.67 miles, together with rights of way, buildings and appurtenances; controlled by your Company through ownership of all the capital stock. No bonds have been issued or authorized.

THE KANSAS CITY, SHREVEPORT & GULF TERMINAL COMPANY.

Union depot property at Shreveport, Louisiana, including its real estate, buildings and 1.62 mile of yard and terminal track; controlled by your Company through ownership of all the capital stock and \$24,000.00 face amount of bonds.

PORT ARTHUR CANAL & DOCK COMPANY.

Lands, slips, docks, wharves, warehouses, one grain elevator (capacity 500,000 bushels), etc., all at Port Arthur, Texas; controlled by your Company through ownership of all the capital stock and bonds.

THE K. C. S. ELEVATOR COMPANY.

One grain elevator, of capacity 650,000 bushels, situated at Kansas City, Missouri; controlled by your Company through ownership of all the capital stock. No bonds have been issued or authorized.

GLENN-PPOOL TANK LINE COMPANY.

A company owning 158 tank cars; controlled jointly by your Company as the owner of 75 per cent. of the capital stock, and the Midland Valley Railroad Company as the owner of the remaining 25 per cent. of the stock.

At a meeting of the stockholders of the Glenn-Pool Tank Line Company, held May 13, 1919, it was voted to dissolve the corporation and distribute its assets pro rata to the stockholders. Preliminary to that end, distribution has been made of the physical assets, consisting of the tank cars above mentioned. The quota of cars accruing to your Company was delivered during the year.

ADDITIONS AND BETTERMENTS.

Net expenditures were made from current funds for Additions and Betterments to road and equipment in the amounts following:

For Road.....		\$488,143.15	
For Equipment.			
Tank cars acquired through dissolution of the Glenn-Pool Tank Line			
Co.	\$99,702.64		
Other Equipment.....	41,005.92	140,708.56	
For Miscellaneous.....	Cr.	2,509.30	\$626,342.41

A classified schedule of such expenditures is presented in the statistical section of this report.

The bridges, trestles and culverts of your road were improved by reducing the length of trestles from 64,768 feet to 64,443 feet; increasing the number of stone and concrete culverts from 705 to 706; increasing the number of cast iron pipe culverts from 606 to 607, and by increasing the number of concrete pipe culverts from 146 to 149. A table showing the progressive improvements made in bridges and culverts from June 30, 1900, to December 31, 1921, appears in the statistical section.

The work of widening cuts and fills to standard specifications was carried forward. Expenditures for that purpose were made in the amount of \$5,331.00.

The ballasting was reinforced in various locations at a cost of \$11,851.57. The condition of your main line with respect to ballast at the end of the year is shown by the succeeding tabulation:

Section of 6 inches or more under ties.....	697.85 miles
Section of less than 6 inches under ties.....	79.30 "
Total main line mileage owned.....	777.15 miles

Rail was laid in substitution for lighter sections, viz.: between Mena and Grannis, Arkansas, laid with new 85-pound rail to replace 80-pound steel, 33.11 miles; near Texarkana, Texas, laid with second-hand 85-pound rail to replace 60-pound steel, .42 mile. The weights of rail in your main line at the end of the year are shown by the succeeding tabulation:

Rail weighing 85 pounds per yard.....	732.46 miles
Rail weighing 80 pounds per yard.....	40.60 "
Rail weighing less than 80 pounds per yard.....	4.09 "
Total main line mileage owned.....	777.15 miles

Work upon the schedule for the reinforcement of track through the application of tie plates, with a view to stability, permanence, and economy of maintenance, was continued, the sum expended for this purpose being \$43,878.00.

New station buildings, required by public authority or made necessary by the demands of traffic, have been erected at the following locations. The expenditures for these facilities were as below stated:

	Prior to 1921	1921	Total
Mena, Ark.....	\$44,552.75	Cr. \$604.29	\$43,948.46
Vivian, La.....	30,566.54	467.73	31,034.27
Fisher, La.....	8,393.88	384.68	8,778.56
Scullyville, Okla.....	49.08	1.32	50.40
Christie, La.....	1,872.18	Cr. 444.35	1,427.83
Lunita, La.....	742.21	178.52	920.73
Totals.....	<u>\$86,176.64</u>	<u>Cr. \$ 16.39</u>	<u>\$86,160.25</u>

A fuel station for oil has been established at Watts, Oklahoma, involving an expenditure of \$7,726.14.

Plans have been matured for obtaining a supply of Mexican fuel oil, from which it is expected that substantial economies will result. In order to provide for its accommodation, additional appliances have been installed at eight locations, upon which there was expended during the year \$148,136.01, viz.:

DeQueen, Ark.....	\$26,968.56	
Texarkana, Tex.....	9,328.38	
Shreveport, La.....	36,587.91	
Leesville, La.....	21,152.33	
DeQuincy, La.....	23,516.80	
Lake Charles, La.....	7,510.67	
Beaumont, Tex.....	5,878.49	
Port Arthur, Tex.....	17,192.87	\$148,136.01

A schedule of shop improvements was inaugurated at Pittsburg, Kansas, looking to increased capacity, the better accommodation of modern equipment, and economy of operation, and the work advanced to a substantial degree. Further mention will be made of the subject in a succeeding report.

The expenditures for additions and betterments include the cost of a number of new sidings to serve industries not heretofore reached by your tracks, and to accommodate new industries in process of establishment.

The following is a list of such industry tracks, some of which have been completed, and others are in course of construction:

NEW TRACKS TO SERVE NEW INDUSTRIES.		
COMPLETED:		
North Cherokee Coal Co.....		Worland, Mo.
Fort Scott Coal & Mining Co.....		Swart, Mo.
Concrete Steel & Construction Co.....		Joplin, Mo.
Rogers Wholesale Grocery Co. and T. J. Whittaker		Westville, Okla.
Cavanal Coal Co.....		Shady Point, Okla.
Interstate Coal Co.....		Heavener, Okla.

Independent Rock Co.....	Rock Spur, Ark.
Willowbrook Brick & Tile Co.....	Blanchard, La.
Republic Supply Co.....	Shreveport, La.
R. A. Gibson.....	Shreveport, La.
Kelly-Weber & Co., Ltd.....	Leesville, La.
Farmers Cooperative Sweet Potato Curing Co.....	Rose Pine, La.
DeQuincy Wholesale Grocery & Grain Co.....	DeQuincy, La.
Houston Construction Co.....	Mile 758.
UNCOMPLETED:	
Nichols Wire & Sheet Co.....	Joplin, Mo.
NEW TRACKS TO SERVE EXISTING INDUSTRIES.	
COMPLETED:	
American Asphalt Roof Corp.....	Kansas City, Mo.
White Star Gasoline & Oil Co.....	Kansas City, Mo.
J. S. Terry (Hines Kobel Sand Co.).....	Redland, Okla.
Bates Smokeless Coal Co.....	Bates, Ark.
Pierce Oil Corp.....	DeQueen, Ark.
Paramount Petroleum Co.....	Superior, La.
UNCOMPLETED:	
Bates Smokeless Coal Co.....	Bates, Ark.

In addition to the foregoing, these new industries have located on existing tracks of the Company:

Holland Furnace Co.....	Kansas City, Kas.
Goodyear Tire & Rubber Co.....	Kansas City, Mo.
Superior Ice & Storage Co.....	Kansas City, Mo.
Quisenberry Feed & Manufacturing Co.....	Kansas City, Mo.
U. S. Register Co.....	Kansas City, Mo.
Davidson Furniture Co.....	Kansas City, Mo.
Friedman Bros.....	Kansas City, Mo.
Leeds Chemical Co.....	Leeds, Mo.
Blue Valley Ice & Storage Co.....	Leeds, Mo.
Simplex Spreader Co.....	Leeds, Mo.
L. Stith & Son.....	Amsterdam, Mo.
Standard Oil Co.....	Amoret, Mo.
Farmers Elevator Co.....	Hume, Mo.
Midwest Foundry, Machinery & Boiler Co.....	Mulberry, Mo.
Wind Mill Coal Co.....	Fuller, Kas.
Amos Handle Co.....	Stilwell, Okla.
Crystal Glass Co.....	Fort Smith, Ark.
American Lumber & Piling Co.....	Heavener, Okla.
Dixie Mercantile Co.....	Oil City, La.
Brown Mason Oil Co.....	Shreveport, La.

Improvements to existing equipment, made at a cost of \$151,575.95, consisted mainly in the following:

Locomotives—Application of piston valve cylinders, cabs for head brakeman, steam heat, oil tank heaters, arch tubes and brick arches.
 Freight-train Cars—Application of metal draft arms, metal carlines, improved draft gear and end reinforcement.
 Passenger-train Cars—Application of steel underframes, wide vestibules and rolled steel wheels.

REFUNDING AND IMPROVEMENT MORTGAGE BONDS.

There was no change in the situation with respect to the Refunding and Improvement Mortgage Bonds authorized by the stockholders June 29, 1909. The status in that regard at the end of the year was as follows:

Total authorized issue.....	\$21,000,000.00
Issued and sold.....	18,000,000.00
Unissued December 31, 1921.....	<u>\$ 3,000,000.00</u>

EQUIPMENT TRUSTS.

The aggregate face amount of Equipment Trust Notes outstanding December 31, 1921, was as below set forth:

Series 'D', dated December 15, 1912.

Balance last reported.....	\$496,000.00	
Paid during the year.....	<u>124,000.00</u>	\$ 372,000.00

Trust No. 34, dated January 15, 1920.

Balance last reported.....	\$954,000.00	
Paid during the year.....	<u>63,600.00</u>	890,400.00
Total.....		<u><u>\$1,262,400.00</u></u>

DEPRECIATION RESERVE FUND.

Moneys equalling the amount of charges to operating expenses representing the so-called depreciation of equipment, and for the amortization of equipment retired and of property abandoned in connection with improvements, together with proceeds from the sale of obsolete equipment, are deposited in a special fund set aside for additions to and betterments of your property. The total amount so deposited, and withdrawals therefrom, are shown by the statement following:

DEPOSITS.

Charges for Depreciation of Equipment:

From June 1, 1916, to December 31, 1917.....	\$215,923.27	
From March 1, 1920, to December 31, 1920.....	181,648.28	
From January 1, 1921, to December 31, 1921.....	<u>218,437.81</u>	\$ 616,009.36

Charges for Amortization of Retired Equipment:

From March 1, 1920, to December 31, 1920.....	\$ 32,206.62	
From January 1, 1921, to December 31, 1921.....	<u>47,045.36</u>	79,251.98

Charges for Amortization of Abandoned Property:

From March 1, 1920, to December 31, 1920.....	\$ 75,228.10	
From January 1, 1921, to December 31, 1921.....	<u>89,759.80</u>	164,987.90

Proceeds from Sale of Obsolete Equipment.....

Interest on Bank Balances.....

Total.....		<u><u>\$1,035,856.57</u></u>
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WITHDRAWALS.

Payments for New Equipment:

From June 1, 1916, to December 31, 1920.....	\$391,530.60
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Improvements to Existing Equipment:

From June 1, 1916, to December 31, 1920.....	\$ 12,198.34	
From January 1, 1921, to December 31, 1921.....	<u>108,241.95</u>	<u>120,440.29</u>
Balance December 31, 1921.....		<u><u>\$ 523,885.68</u></u>

The above statement excludes the depreciation reserve created by the Federal manage-

ment through charges to maintenance during Federal control. That reserve at the termination of Federal control, including adjustments to December 31, 1921, was as below stated:

Steam Locomotives.....	\$184,674.38	
Freight-train Cars.....	151,397.30	
Passenger-train Cars.....	18,115.84	
Work Equipment.....	8,935.05	<u>\$363,122.57</u>

This amount stands in the corporate accounts as a charge against the Railroad Administration.

FEDERAL CONTROL.

Final certification of the standard return in compensation for the use of your property during Federal control is yet deferred. Conferences have been held with representatives of the Interstate Commerce Commission relative to certain questions of accounting material to a conclusion, but no decision of the questions at issue has been reached.

The annual standard return for the properties owned or controlled by the Company, as tentatively certified by the Commission, has been stated in previous reports but is here repeated for convenience:

The Kansas City Southern Railway Co.....	\$3,216,697.65	
Texarkana & Fort Smith Railway Co.....	318,729.68	
The Kansas City, Shreveport & Gulf Terminal Co.....	6,014.66	
Glenn-Pool Tank Line Co.....	<u>\$11,592.22</u>	
Less accrued to Midland Valley Railroad Co.....	2,898.05	8,694.17
		<u>\$3,550,136.16</u>
The Poteau Valley Railroad Co.....	Deficit \$ 3,332.19	
The Arkansas Western Railway Co.....	" 6,575.51	
Port Arthur Canal & Dock Co.....	" 36,049.44	46,857.14
Total.....		<u>\$3,504,279.02</u>

The consolidated account of your Company and the Texarkana & Fort Smith Railway Company with the United States Railroad Administration stood thus at December 31, 1921:

CORPORATION DR.

Liabilities December 31, 1917, paid.....	\$2,758,937.57	
Additions and Betterments.....	1,890,774.00	
Cash Advanced:		
For Interest payments.....	983,856.28	
For Dividend payments.....	420,000.00	
For payment of Liberty Loan Bonds and Treasury Certificates of Indebtedness.....	360,840.11	
Expenses Prior to January 1, 1918.....	659,167.50	
Agents and Conductors balances, Federal, February 29, 1920.....Cr.	48,003.49	
Material and Supplies, Federal, February 29, 1920.....	1,816,893.72	
Leased Rail and Fixtures, Federal, February 29, 1920.....	11,638.33	
Miscellaneous Debits.....	110,939.64	<u>\$8,965,043.66</u>
Cash advanced from Washington:		
For Interest payments.....	\$3,105,800.00	
For Dividend payments.....	1,260,000.00	
For Equipment Trust payments.....	178,850.00	
For Miscellaneous payments.....	213,350.00	4,758,000.00
		<u>\$13,723,043.66</u>

CORPORATION CR.

Cash on hand and in transit December 31, 1917.....	\$1,950,965.36	
Material and Supplies December 31, 1917.....	1,145,442.57	
Assets December 31, 1917.....	1,242,553.22	
Agents and Conductors balances December 31, 1917.....	339,684.85	
Equipment retired.....	492,174.15	
Revenues Prior to January 1, 1918.....	145,932.68	
Accrued Depreciation—Equipment.....	363,122.57	
Mileage Scrip, Federal, February 29, 1920.....	1,301.18	5,681,176.58
Balance in favor of U. S. Railroad Administration (Standard Return omitted).....		<u>\$ 8,041,867.08</u>

The above statement excludes the standard return for the twenty-six months of Federal control due from the Railroad Administration and amounting (as tentatively certified) to \$7,660,092.54, interest due to or by the companies on open account balances, interest due the companies on additions and betterments completed subsequent to January 1, 1918, and the value of roadway property retired without replacement. The account is also subject to revision with respect to the quantity of material and supplies returned by the Director General as compared with that delivered to him at the beginning of Federal control.

Your management contends that the standard return of the several companies for the Federal control period should be measured by the railway operating income, not of the test period, but of the year ended December 31, 1917. The aggregate standard return, if ascertained in accordance with this contention, including interest on additions and betterments completed subsequent to January 1, 1918, and including an adjustment for war taxes, would amount to \$9,606,037.96.

Claim for net amounts believed in good faith to be due by the Government on account of Federal control has been prepared and lodged with the Director General. It is understood that attention will be given the claims of carriers on this behalf in the order filed. No decisive action has been taken in the premises.

GUARANTY PERIOD.

On December 15, 1921, the Interstate Commerce Commission promulgated an order fixing December 31 last as the date as of which all accounts pertaining to the Guaranty period should be closed for the purpose of computing the guaranty, and requiring all carriers which accepted the provisions of Section 209 of the Transportation Act, 1920, to file on or before March 1, 1922, final statements of amounts due them or to the United States thereunder.

By this order the Commission undertook to establish rules governing the revenues and operating expenses to be included in the Guaranty period, and the method of computing the allowance for maintenance expenses under the terms of the guaranty.

The combined return of your Company and the Texarkana & Fort Smith Railway Company, filed in due course pursuant to the order, shows that there is due your companies, including certain adjustments conditionally agreed to in the tentative standard return, and interest on additions and betterments, the sum of \$861,420.15, arrived at in the manner below indicated:

Railway Operating Income guaranteed	\$1,784,009.18
Railway Operating Income applicable to guaranty.....	922,589.03
Claim for Deficiency of Income guaranteed	<u>\$ 861,420.15</u>

The claim for deficiency above stated does not include the sum of \$600,000.00 received from the Government by way of advance in September, 1920.

As in the case of Federal control, your management insists that the standard return for the Guaranty period should be measured by the railway operating income for the year 1917, instead of that for the test period, and a supplemental claim has been filed with the Commission on that basis. If so ascertained, the standard return for the Guaranty period, including interest on additions and betterments, would amount to \$2,354,039.20.

FEDERAL VALUATION.

The proceeding before the Interstate Commerce Commission to determine the value of the properties of your Company and its subsidiaries, which has been briefly referred to in preceding annual reports, has progressed to a point where, apparently, nothing remains but to await the Commission's final decision, which may be expected during the year now current. The case was closed, finally argued and submitted to the Commission in 1918, argued and submitted for the second time in 1920, and for the third time in January, 1922. In the meantime, it seems appropriate, in view of the great importance of the proceeding and its approaching termination, to place before you a detailed statement of its history and development.

REQUIREMENTS OF THE VALUATION ACT.

The Valuation Act as approved March 1, 1913, required the Commission to "investigate, ascertain and report the value of all the property owned or used by every common carrier subject to the provisions of the Interstate Commerce Act." In the course of its investigation the Commission is directed to ascertain and report in detail as to each piece of property "the original cost to date, the cost of reproduction new, the cost of reproduction less depreciation," and to ascertain and report separately "other values and elements of value, if any, of the property of such common carrier," together with "an analysis of the methods of valuation employed." The original cost and present value of all lands are to be ascertained, together with their present cost of acquisition by purchase or condemnation. When the Commission has assembled the required data and has reached its conclusion thereon, it is required to promulgate it in the form of a "tentative valuation," which is served on the carrier, against which the carrier is entitled to protest and to support its protest by testimony. When the issues made by the protest have been finally determined, the result is a "final valuation" of the carrier, which is made *prima facie* evidence of the value of its property in all proceedings under the Act to Regulate Commerce and in all judicial proceedings to enjoin or set aside any order of the Commission. By the Transportation Act, 1920, the aggregate of the final valuations of railroad property in each rate group is to be taken as the rate base for the establishment of rates which will yield a fixed return upon such aggregate value; and such final valuations are also to be used for capital purposes in the consolidation of railroad properties, as a basis for the issuance of securities, as well as a basis for the so-called recapture of excess income.

STEPS TAKEN BY THE COMPANY TO COMPLY WITH THE ACT.

It so happened that your Company was selected by the Government as the first carrier for investigation and valuation under the Valuation Act. While no exception can be taken to this, the effect has been to make its case more or less of a test case in the determination of the rules,

principles and processes to be employed by the Commission in the valuation of all railroad properties. This has imposed a very considerable burden upon your Company, since it has been called upon to blaze a trail in a new field without established or controlling precedent to serve as landmark or guide.

Your Company, upon being notified of its selection and that its properties would be valued as of its valuation date, fixed at June 30, 1914, immediately organized its own valuation department and placed parties in the field for the purpose of taking a complete inventory of physical property. All cuts and embankments were cross-sectioned and quantities computed and classified; all bridges, ties, rails, fences, buildings, warehouses, elevators, docks, shops, shop machinery and tools, equipment, and other items of physical property were scheduled. Prices current at the time of installation were used for the purpose of ascertaining original cost to date, and prices as of valuation date were used for the purpose of ascertaining the cost of reproduction new. All lands were listed, their original costs ascertained, and estimates made of their cost of acquisition by purchase or condemnation. The result of the activity of the valuation department in this behalf was that when the Commission completed its physical inventory, the Company was able by a comparison of data to agree with its representatives upon quantities and classification of grading, the number and quality of ties in the track, generally upon units of material in other structures, and numerous other items. It was found impossible, however, to reach an agreement with respect to unit prices, and to many other matters hereafter referred to.

THE COMMISSION'S FIRST TENTATIVE VALUATION.

On December 1, 1916, the Commission published and served upon your Company a tentative valuation, stating, in substance, that the original cost to date could not be determined, except as to lands and units of equipment, and that no "other values or elements of value" were found to exist. No single figure of value was stated for all or any of the properties of the system. The cost of reproduction new of road and of equipment (exclusive of land), the cost of reproduction less depreciation, and the original cost and present value of lands, for each company, were given as follows:

	Cost of Reproduction New	Cost of Reproduction Less Depreciation	Present Value of Lands	Original Cost of Lands
Kansas City Southern Ry.....	\$28,453,591.00	\$22,848,261.00	\$2,409,619.37	\$2,248,058.13
Texarkana & Fort Smith Ry.....	7,435,345.00	6,421,583.00	718,600.30	123,554.59
Kansas City, Shreveport & Gulf Ry....	8,252,168.00	7,184,399.00	511,133.75	249,765.53
Port Arthur Canal & Dock.....	1,367,278.00	1,193,099.00	514,288.00	146,500.00
Maywood & Sugar Creek Ry.....	30,624.00	22,491.00	8,561.50	6,550.45
Fort Smith & Van Buren Ry.....	22,917.00	19,023.00	7,767.50	25,388.65
Poteau Valley R. R.....	100,139.00	75,715.00	817.77	982.94
Arkansas Western Ry.....	328,389.00	251,490.00	10,145.87	3,573.15
Kansas City, Shreveport & Gulf Terminal	98,696.00	82,425.00	31,652.00	16,795.15
Totals.....	\$46,089,147.00	\$38,098,486.00	\$4,212,586.06	\$2,821,168.59

SUMMARY.

Cost of Reproduction New.....	\$46,089,147.00
Present Value of Lands.....	4,212,586.06
Grand Total.....	\$50,301,733.06

Against this tentative valuation your Company on December 30, 1916, filed its protest, in which it was asserted that original cost to date could be ascertained, and insisted that it should be ascertained by the Commission. Numerous exceptions were also taken to the findings of the Commission with regard to cost of reproduction new and cost of reproduction less depreciation. It was set forth that the Commission had allowed inadequate sums for cost of engineering, viaducts, grading, ballast, ties, rails, other track material, tracklaying and surfacing, telegraph and telephone lines, buildings, general expenditures and working capital; that the time it had allowed for construction was insufficient; that it had erroneously failed to include certain properties, particularly the K. C. S. Elevator, an interest in the Kansas City Terminal, and an interest in the Joplin Union Depot; and that it had erroneously failed to include a substantial sum claimed for adaptation and solidification. The protest also challenged the action of the Commission in deducting \$7,990,661.00 for depreciation, and in failing to ascertain and report "other values and elements of value." A number of differences between your Company and the Commission were resolved by conference and embodied in a stipulation; the remaining issues were set down for hearing upon oral testimony before an examiner appointed by the Commission, and a large amount of testimony was taken before him.

It was insisted by your Company in its testimony that the Commission's failure to find original cost to date was due to its adoption of an improper method, involving an effort to locate each and every item of expenditure which went into original construction and was charged to capital account, which was difficult, if not impossible to ascertain; and which, if ascertained, would not properly reflect the original cost in its entirety of the plant in operation on valuation date. The Company pointed out a practical and reliable method which it had employed in ascertaining original cost to date, which was to take a complete inventory of all physical property in place on valuation date and fix its identity in the contracts, purchase vouchers and other records of the Company. This method would include the original cost of ties in the track on valuation date, the actual cost of addition and betterment work which had been charged to operating expenses, such as the cost of widening banks by section labor, and other items of a similar nature, which the method employed by the Commission would exclude.

While, as above stated, the tentative valuation did not name any single sum figure of value for all or any of the properties composing the system, your Company, under its protest offered considerable testimony before the Commission, showing that the total value of these properties on the basis of earning power, present and prospective, actual and anticipated, was between \$75,000,000.00 and \$80,000,000.00. This was in accordance with the rule of the Supreme Court of the United States (*Railway Co. v. Backus*, 154 U. S. 439), where, in speaking of the value of railroad property, the court said:

But the value of property results from the use to which it is put, and varies with the profitableness of that use, present and prospective, actual and anticipated. There is no pecuniary value outside of that which results from such use. The amount and profitable character of such use determines the value.

In the course of taking the testimony just referred to, your Company offered evidence to prove the present cost of acquisition, by purchase or condemnation, of its carrier lands. The

Commission ruled that this evidence was inadmissible and excluded it. The Company thereupon brought a mandamus suit to compel the Commission to admit evidence of this character, and after being defeated in the Supreme Court of the District of Columbia and in the Court of Appeals, was finally successful in the Supreme Court of the United States (252 U. S. 178, decided March 8, 1920); the court there awarding a peremptory writ of mandamus against the Commission, requiring it to receive the evidence and to ascertain the excess cost of acquisition by purchase or condemnation over and above the so-called present value of lands.

THE COMMISSION'S REPORT OF JULY 1, 1919.

The first final argument and submission of the case to the Commission was in October, 1918. The Commission handed down its written opinion on July 1, 1919, passing upon the matters raised in the protest. It did not, however, find any single figure of value for all or any of the properties in the system, stating that this would be reserved for future consideration; and while adhering to its former ruling that original cost could not be ascertained, it nevertheless determined the investment cost for the entire system to be \$47,947,010.64. By investment cost it meant the amount of cash that had been actually traced by its accountants into the properties. Its revised figures for cost of reproduction new (exclusive of lands), cost of reproduction less depreciation, and lands, for each company, were as stated hereunder:

	Cost of Reproduction New	Cost of Reproduction Less Depreciation	Present Value of Lands
Kansas City Southern Ry.....	\$28,851,276.50	\$23,003,989.00	\$2,604,692.76
Texarkana & Fort Smith Ry.....	7,480,024.00	6,389,282.00	769,181.45
Kansas City, Shreveport & Gulf Ry.....	8,401,408.00	7,239,022.00	522,745.75
Port Arthur Canal & Dock.....	1,386,280.00	1,198,243.00	537,445.00
Maywood & Sugar Creek Ry.....	32,207.00	24,353.00	8,729.50
Fort Smith & Van Buren Ry.....	22,401.00	17,780.00	7,869.69
Poteau Valley R. R.....	100,408.00	76,951.00	828.17
Arkansas Western Ry.....	357,901.00	283,846.00	10,719.98
Kansas City, Shreveport & Gulf Terminal.....	100,199.00	83,333.00	34,850.72
Totals.....	\$46,732,104.50	\$38,316,799.00	\$4,497,063.02

SUMMARY.

Cost of Reproduction New.....	\$46,732,104.50
Present Value of Lands.....	4,497,063.02
Grand Total.....	\$51,229,167.52

Your Company filed its motion for a rehearing and brief in support thereof, protesting against the Commission's action and its failure to act with respect to forty different issues. This motion has not yet been passed upon and is still pending before the Commission.

In January, 1920, your Company's case, together with several other cases, was set down for reargument, and was reargued before the Commission. The purpose of this, as stated by the Commission, was to hear counsel as to the elements to be considered in the determination of value and the relative weight to be accorded to each.

THE SUPPLEMENTAL TENTATIVE VALUATION OF MARCH 31, 1921.

On March 31, 1921, the Commission issued and served upon your Company a supplemental tentative valuation, stating the excess cost of land acquisition, as required by the man-

damus suit, above mentioned, and also stating a single sum figure of value for the properties composing the system, viz.:

Kansas City Southern Ry.....	\$30,086,265.00
Texarkana & Fort Smith Ry.....	8,077,501.00
Kansas City, Shreveport & Gulf Ry.....	8,725,737.00
Port Arthur Canal & Dock.....	1,927,309.00
Maywood & Sugar Creek Ry.....	34,000.00
Fort Smith & Van Buren Ry.....	47,000.00
Poteau Valley R. R.....	94,068.00
Arkansas Western Ry.....	343,228.00
Kansas City, Shreveport & Gulf Terminal.....	150,799.00
Total.....	<u>\$49,485,907.00</u>

Your Company filed its protest against this supplemental tentative valuation, insisting that it was inadequate and insufficient in amount, and not a compliance with either the letter or the spirit of the Valuation Act. The protest was set down for argument, and the issues were again argued by counsel before the Commission on January 4 and 5, 1922.

EXISTING DIFFERENCES BETWEEN THE COMPANY AND THE COMMISSION.

Although more than nine years have elapsed since the Valuation Act was passed, thus far little progress has been made in the determination of the rules, principles and processes which are to be applied in the valuation of railroad property. The existing differences between your Company and the Commission are very great. The management claims that the Commission's finding of value amounting under pre-war conditions to \$49,485,907.00 should be increased to \$80,000,000.00; that its finding of cost of reproduction new amounting to \$51,229,167.52 should be increased to \$80,227,940.41; and that its finding of original cost—or investment cost—amounting to \$47,947,010.64 should be increased to \$63,197,070.90.

The very pronounced margin between the valuation claimed by your Company and that which the Commission has thus far been willing to concede is typical of the position in which other carriers find themselves. A computation has been made of the amount by which cost of reproduction new claimed by eighteen Eastern railway companies, representing 19,364 miles and with an aggregate capitalization of \$1,824,000,000.00, exceeds the figures allowed by the Commission. The total difference, as computed by the Bureau of Valuation, is \$379,383,309.00. This difference, as applied to the following 8 out of 77 accounts, is indicated by the percentages set opposite:

Wharves.....	2.5%
Engineering.....	2.5
Freight Cars.....	2.5
Ballast.....	3.5
Tracklaying and Surfacing.....	8.0
Grading.....	18.0
Interest during Construction.....	18.0
Land.....	15
Land—Cost of Acquisition.....	<u>12</u> <u>27.0</u>

CHAIRMAN'S LETTER TO THE COMMISSION.

While the specific points in controversy cannot be fully presented without unduly prolonging this statement, it has been deemed proper to include herein a letter addressed by your Chairman to the Interstate Commerce Commission on February 21, 1922, which states as briefly as possible a number of the more important matters wherein it is believed that the Commission has erred in a manner highly prejudicial to the rights of your Company. That communication reads:

The protest of The Kansas City Southern Railway Company and its affiliated companies (herein referred to as the "Carrier") against the supplemental tentative valuation of March 31, 1921, was argued before you by counsel on January 4 and 5, last.

The valuation, however, has its practical as well as its legal side, and as the executive head of the Carrier, it is my duty to direct your attention to certain practical considerations which indicate, to my mind, that the tentative valuation is grossly unjust and calculated to inflict irreparable injury upon its 6,400 stockholders, as well as ultimately to impair its efficiency as a transportation agency.

The Carrier insists that its property on June 30, 1914, was well worth the sum of \$80,000,000.00. The Commission's tentative valuation is \$49,500,000.00. This enormous difference between the sum claimed and the amount allowed not only justifies the most searching examination of the work of the Bureau of Valuation and criticism of its methods, but places an imperative duty upon the officers of the Carrier to lay before the Commission a plain statement of the reasons why the tentative valuation is unacceptable. It is not intended to point out all the respects in which the tentative valuation is subject to just criticism, but only the more conspicuous failures to give to the Carrier the consideration to which it is fairly entitled.

I.

There should be no mystery concerning the methods of valuation.

The Valuation Act directs the Commission to give "an analysis of the methods of valuation employed." The purpose of this is obvious. The public and the users and owners of railroad property, the mere book value of which is about \$20,000,000,000.00, are naturally entitled to know how these properties are valued. But this requirement of law has been utterly ignored. The values published appear to have "split the difference" between cost of reproduction new and cost of reproduction less depreciation, and the owners are asked to accept the result as the *value* for all purposes of present and future Governmental control. No intimation is given of the processes which have produced this inexplicable result. The owners are entitled to assume that some intelligent plan is being carried out, and that some rational processes are being employed; but the plan and the processes are hidden and undisclosed.

What would be thought of the courts if they were to decide cases of great importance, involving persons or property, and refuse to make public the principles of law which had been applied? Yet it is just as imperative for the Commission to disclose "an analysis of the methods of valuation employed" as for the courts to disclose the principles of law upon which their judgments rest.

The Carrier has at all times insisted, and still insists, that it is the duty of the Commission to ascertain its commercial value, which is based largely upon its earning power, present and prospective, actual and anticipated. Its case was prepared and presented to the Commission upon this understanding. But this view has evidently been rejected and some other basis substituted, the character of which has not been revealed. No one who reads the statute will deny the duty of the Commission to let the light of day upon the methods of valuation which it has employed; this is not a matter of discretion, but a positive duty by force of express statute. It requires full and frank disclosure. The railroad properties of the country can not be valued in secret or by the methods of the Star Chamber.

II.

Other values and elements of value should receive full recognition.

There is nothing in the tentative valuation to indicate what consideration was given to other values and elements of value, or if so at what figures they were appraised. It is said that the Bureau is suggesting that 7½ per cent. of its estimate of the cost of reproduction new

be added to its estimate of the cost of reproduction less depreciation to cover appreciation and going-concern value.

In the economic sense, the road has two values. It has a scrap value, and it has a value as a going concern. These two values have no relation to each other, but are entirely distinct and separate values. It is with its value as a going concern alone that we are interested. To estimate this value one must consider the history of the property, the amount of money that has gone into it, the cost of reproducing it, the value of the business as operated under a proper rate structure for the region, the rate of growth of the property, the prospects of increasing the business, the annual turn-over, the strategic position, the resources of the territory served, the operating conditions, the condition of the physical property, the organization, personnel and good will.

These are essentially probabilities of events, and in no sense probabilities of numbers. As Keynes points out, "it is one of the limitations of the mathematical mind when applied to public affairs that, accustomed to deal with probabilities on which truth is attainable, it does not recognize that a different method is required in those where all we can ever get is a balance of probabilities." Apparently, the Bureau has altogether overlooked the fact that "mathematics" are mere instruments of the intellect, having no real existence in themselves, and has reached its conclusions by forcing all the phenomena involved in this case into the same Procrustean bed, and where they would not fit—so much the worse for the phenomena.

When the present owners, now some sixteen years ago, made themselves responsible for the property, it had the general reputation of being little more than "a right of way and two streaks of rust." By large additions of capital, strengthening of the credit structure, adherence to a carefully thought-out plan of development and operation, the establishment of favorable relations with connections, and the practice of those methods which lead to success, the property is now one that has to be reckoned with in any consideration of transportation matters in the region in which it is included.

I attach a print (Appendix B) showing the principal traffic and economic features of twelve lines in this region. Certainly a line which stands, as does the Kansas City Southern: second as to operating ratio; third as to freight train miles per mile of road, little embarrassed by its passenger business; fourth as to the length of haul; second as to average train load; and though eighth as to the average rate per ton mile, yet first as to earnings per freight train mile; third as to gross, and second as to net operating revenue per mile; has a value not dependent upon any array of numerical probabilities, or confusion with "mathematics."

The Commission has, quite as strongly as could the owners themselves, expressed its high opinion of the property in No. 12964, "Consolidation of Railroads," from which I have made abstracts (Appendix A).

III.

Valuations which ignore earning power, present and prospective, actual and anticipated, are indefensible.

Everywhere, industrial and commercial enterprises are valued at what they are able to earn, actually and prospectively. Railroad properties are no exception. That railroad rates are controlled by the public does not remove them from the operation of the rule. Commission-made rates must be reasonable, and such rates are but a substitute for those that would obtain but for public regulation.

Earning power under reasonable rates is universally regarded as the predominant feature in determining the commercial value of railroad properties. This must be so, for the reason that rates by competitive routes must be substantially the same. It is quite impossible for the rate-making power to take a group of competing carriers and make different rates for each based upon its cost. If this were done, the carrier having the lower rates would be swamped with business and the others idle. Members of a competing group, collecting the same rates but with different operating costs and with different volumes of traffic, naturally have different earning power. Some may be prosperous while others barely earn operating expenses and still others are bankrupt. In the judgment of business men, these roads will have different values, regardless of their cost; and that value will measure their ability to produce income to their owners. It will be reflected roughly in the market values of securities, predicated upon a rate structure that adequately reflects the value of the service rendered by this and competitive transportation agencies.

This elementary principle has been wholly ignored. The view, implied by the tentative valuation, is that *value* can be ascertained by closing the eyes to every consideration except

the element of *cost*. Earning power is treated as unworthy of consideration. The market values of securities suffer the same fate. Cost is used as the positive and exclusive determinant of railroad values. If a railroad runs through mountainous country, with heavy cuts and fills and expensive tunnels, this results in high value, regardless of the wisdom or folly of its construction, its present income, or its future prospects. A railroad located in level country, at a minimum cost, derives relatively small value, though it may have much greater earning power and reflect much greater wisdom in its projectors. In short, a dollar of cost in a hopelessly bankrupt railroad has the same influence in determining "value" as a dollar of cost in a highly successful railroad. Of two railroads between the same points, one built alongside a river with a water grade, the other built through mountain passes and necessarily having higher cost and higher operating expenses (probably with lower capacity), the more costly and less productive would obtain the higher "value."

It is inconceivable that such a scheme of valuation could be deliberately approved by the Interstate Commerce Commission. It is at war with common understanding and everyday experience. It is arbitrary and fanciful, and rests upon no reason or principle. If it were sought to apply this system or scheme of valuation to the other commercial and industrial enterprises of the country, it would at once be characterized as grotesque and ridiculous.

IV.

Ignoring excess cost of acquisition of lands is indefensible.

Prior to March 8, 1920, the Commission refused to ascertain excess cost of acquisition of lands, and gave as its reason that it found itself unable to comply with the statute in that behalf because it involved "inadmissible assumptions" and "impossible hypotheses." Since the decision of the Supreme Court (252 U. S., 178), awarding a peremptory writ of mandamus, excess cost of acquisition of lands has been ascertained, but has not been included in the cost of reproduction schedules. The decision of the Supreme Court was a *brutum fulmen*, in that it did not in any manner alter the official view of the probative effect to be given to that class of evidence. Unless probative effect is to be given to this excess cost, Congress is convicted of the folly of directing the superfluous; it stands now impeached by the Commission of that malfeasance. The excess cost of acquisition which the Bureau of Valuation has ascertained in this case is \$4,371,970.00. The Carrier claims that this amount should be increased by the inclusion of interest and taxes during the full construction period, the additional sum claimed being \$2,456,426.77. This claim is now pending before the Commission, awaiting decision.

It is quite true that it is stated in the tentative valuation that excess cost of acquisition of lands has been "considered." Substantially the same statement is made in many, if not all, the 170 tentative valuation reports which have been issued; but this oft-repeated "consideration" of excess cost of acquisition has not resulted, so far as I am advised, in its being represented in any valuation thus far promulgated. It seems to be the unfortunate fate of this element to be "considered" and promptly thereafter to disappear. From the beginning the Bureau of Valuation has sought to exclude excess cost of acquisition from its valuations. Why should it continue to go through the empty formality of saying that it has been "considered" when it is known beforehand that the result of every so-called consideration will be entire rejection? Does this empty phrase preserve the statutory word of promise to the ear though breaking it to the hope?

The tentative valuation has apparently been based upon the cost of reproduction schedules. Whether this is proper or improper is discussed elsewhere, but I strenuously insist that there is no justification for the exclusion of excess cost of acquisition from the reproduction schedule. Cost of reproduction means the cost of reproducing the entire property—land as well as buildings, bridges, track and equipment. The *entire* cost of reproducing grading, rails, ties, bridges and other structures is ascertained and included in the reproduction schedule, but when it comes to land, only a *portion* of the cost of reproduction is included. Account is taken of the so-called present value of land. No one will for a moment contend that the so-called present value is the cost of reproducing the lands of the Carrier. Everyone recognizes this fact. The Commission recognizes it, because in ascertaining the excess cost of acquisition it first ascertains the entire cost of acquisition and deducts from that sum the so-called present value; and the remainder is the excess cost of acquisition.

What possible excuse can there be for including only a *part* of the cost of reproduction of lands? Why select lands for this discriminatory practice? Why not say that a part only of the cost of grading, say 60 per cent., should be included in cost of reproduction, or 60 per cent. of any other physical element? The Carrier contends that it is wholly unjustifiable and

indefensible to include in cost of reproduction only a *part* of the cost of reproducing certain property, and insists that the entire cost of acquisition should be included, along with the entire cost of reproducing other railroad property.

This matter of the cost of lands has been a scandal since the construction of the first railroad. Lieut. Peter Lecount, an officer of the London and Birmingham Railway, writing as early as 1839, and having in mind the experience of that property, said "public companies have been so grossly taken in on this head, and particularly railway companies, that it becomes imperative that something be done at all hazards to protect their interests. We have, ourselves, seen the land for one of the principal railways just constructed paid for at the enormous sum of £330 an acre under all circumstances of fraud, delusion, and downright robbery, that can anyhow be conceived. No means were left untried, no artifices unresorted to, and the most barefaced falsehoods unblushingly set forth in aid of one vast system of plunder from beginning to end, with hardly any exception."

It is unthinkable that *any* government, least of all the Government of the United States, should be found in line with this record. The Commission, I submit, must free itself from the entanglement spread for it by the Bureau of Valuation.

V.

Justice demands that the Carrier's interest in the Kansas City Terminal and Joplin Terminal properties be included in its valuation.

These two terminal properties were constructed under the same organic plan, and the Kansas City Terminal may be taken as typical of both. It was organized by the twelve railway companies entering Kansas City, including the Carrier. Each constituent line subscribed \$100,000.00 to the capital stock and guaranteed payment of principal and interest of its bond issue of \$50,000,000.00. The property was constructed with the stock subscriptions and proceeds as its passenger terminal, and makes use of its freight tracks and facilities. The principal and interest of the bonds of the Terminal Company, and its taxes, are shared by the constituent lines on a numerical basis, and operating expenses are divided among them on a user basis. The bonds bear 4 per cent. interest. The property is worth not less than \$50,000,000.00.

The Commission has not included in the Carrier's valuation its interest in these terminal properties. The result is that this \$50,000,000.00, which is devoted to a public use and actually used by the public, is excluded from every aggregate entitled to earn its direct return. The public, however, does indirectly pay 4 per cent. interest on the outstanding Terminal bonds, since each of the constituent lines pays its one-twelfth of such interest and charges the same to its joint facility rents.

But the law contemplates that this terminal property, devoted to the public use and used by the public, shall pay not less than 6 per cent. upon its value. There is no way in which this can be accomplished except by allocating to each of the constituent lines its share of such value. The Carrier is entitled, therefore, to have upwards of \$4,000,000.00 included in its valuation and to earn 6 per cent. or even a higher rate thereon, if it is able to do so. Otherwise the terminal property is used by the public without reasonable or adequate compensation.

It has been suggested that if the property of the Kansas City Terminal is allocated to its constituent lines, it is likely to result in duplication. This is easily answered. When the valuation of the Kansas City Terminal is complete, and one-twelfth of its value allocated to each of the twelve lines, then let the valuation be stamped "The value of this property has been allocated to and included in the valuations of its twelve constituent lines." If this is done, how can any duplication occur?

VI.

The Carrier is clearly entitled to have the K. C. S. Elevator property included in its valuation.

The Carrier furnished the money, bought the land, and constructed an elevator at Kansas City for handling its grain traffic. For convenience, the legal title was taken by the K. C. S. Elevator Company, organized for that purpose. The Carrier owns all the capital stock of the Elevator Company, and operates and manages the elevator precisely as if there were no separate corporation. The Director of Valuation stipulated with the Carrier (Abstract,

920) that "An elevator of this kind is reasonably necessary to the handling and conservation of the grain traffic to the Carrier."

This stipulation was approved by the Commission; but the elevator has not been included in the reproduction schedule, and of this omission the Carrier complains as an act of palpable injustice.

If the title to the elevator had been taken in the name of the Carrier, its value would have been included and no question would have arisen. The elevator is excluded solely because the legal title is in a separate corporation. This is a sacrifice of substance to form. Every beneficial interest in the elevator property is in the Carrier. It is property devoted to public use, and so used, the public being under obligation to permit a fair return for that use. The property should be included in the valuation as the law contemplates. It is a mockery of justice to exclude it and thus give its use to the public without compensation.

VII.

The Carrier's interest in the Glenn-Pool Tank Line should also be included in its valuation.

At the time of the organization of the Glenn-Pool Tank Line, there was a large movement of oil from the Oklahoma fields, on the line of the Midland Valley, to Port Arthur, Texas. Shipments moved over the Midland Valley to its connection with the Carrier, and thence over the line of the Carrier to Port Arthur. About one-fourth of the haul was over the line of the Midland Valley and three-fourths over the line of the Carrier. It became necessary to provide tank cars for this oil movement, and it was arranged that the Midland Valley should provide one-fourth of the capital, and the Carrier the other three-fourths for the purchase of necessary tank cars. To facilitate this, a separate corporation, called the "Glenn-Pool Tank Line," was organized, the Midland Valley providing one-fourth of the capital requirements, and the Carrier three-fourths; and with funds so provided, tank cars were purchased and put in service. The Midland Valley received one-fourth of the capital stock of the Glenn-Pool Tank Line, and the Carrier three-fourths. On valuation date, these tank cars were being regularly operated under the plan above outlined.

The report of July 1, 1919, declares that the Glenn-Pool Tank Line was not a common carrier, and hence the Carrier was not entitled to have its interest included in its valuation. The complaint is that this ruling is unjust and indefensible.

If the carrier had taken title to its three-fourths of these cars, no question would have arisen. But here, again, the substance of the transaction is subordinated to its form. The Carrier owns the beneficial interest in three-fourths of these tank cars. They are part of its equipment, employed in the public service, and, obviously, their value should be included in the valuation, to the end that its investment may have the protection guaranteed by the Constitution. The Bureau has placed an extremely narrow construction upon the Act; it closes its eyes to every fact except the location of the naked legal title to this equipment. The same doctrine would exclude from valuation all equipment held under equipment trusts, since in every such case legal title is held by a trustee. But this has not been done, and to do so would be palpably absurd. Trust equipment is scheduled as the property of the Carrier, and so also, we insist, the Glenn-Pool equipment should be included in the schedules of the owning companies—three-fourths to the Carrier.

VIII.

The Bureau of Valuation has grievously erred in classifying 1045 acres of land at Port Arthur, Texas, as non-Carrier land.

The title of the land in question is held by a subsidiary, the Port Arthur Canal & Dock Company, a public corporation, organized under the laws of Texas. It has no authority to hold land except for public use. If the Bureau is right in its conclusion that these are non-carrier lands, they are not held for public use, and the title to them has reverted to the original owners. The Carrier, therefore, stands to lose these lands, if the tentative conclusion is not corrected.

But the Texas courts, within whose jurisdiction these lands are located, have decided this question exactly contrary to the Bureau's view in *Lawson v. Port Arthur Canal & Dock Co.*, 185 S. W., 601. It was there claimed that a part of the lands in controversy (typical of all of them) had reverted to the original owners because the Port Arthur Canal had been conveyed to the United States in 1906, and that this constituted an abandonment of the lands.

The Texas courts, however, found as a fact that these lands were being held by the Canal & Dock Company for public use in the future development and expansion of its public business, and had not been abandoned, and that title had not reverted. This is, in effect, a finding that the lands are carrier lands, and is in direct conflict with the finding by the Bureau that they are non-carrier lands. The decision was affirmed by the Texas Civil Court of Appeals, and a writ of error was denied by the Supreme Court of Texas, thus affirming the decision of the appellate court. (See Motion of Carrier for Rehearing and Brief in Support, pp. 129 *et seq.*)

The conclusion which the Bureau reached is amazing and inexplicable. According to the Texas courts, the Carrier's title to these lands is good; according to the Bureau, it has no lawful authority to hold them.

I have always supposed the law to be that the final decision of Texas courts as to the title of Texas lands must be recognized everywhere, in every court—State or Federal—and in every tribunal or commission anywhere within the United States. The refusal of the Bureau to accept the ruling of the Texas courts as to the title to these lands is an unfortunate illustration of how far an administrative body may attempt to go in defiance of ordinary rules of law and procedure.

IX.

The Bureau of Valuation improperly classified as earth some 660,000 cubic yards of ballast.

The facts concerning ballast are not disputed. They are contained in the stipulation (Abstract, 962) with the Director of Valuation approved by the Commission. Ballast amounting to 660,000 cubic yards, was more than 18 inches below the tops of the ties, and was excluded for that reason alone.

The object of ballast is to afford a better base to support the rolling load, to discharge rain water, to keep ties at the grade line, and to give elasticity to the bed upon which the track structure rests. Ballast is the foundation for the track; that is, for the assembled structure of ties, rails and fastenings.

In order effectively to ballast the road, it was necessary, as on all railroads, to supply a sufficient depth of ballast to provide a foundation for the track. In some places, by reason of the nature of the material, the foundation had to be deeper than at other places. The transit of rolling loads made successive applications necessary in some localities, in order to secure a stable foundation. In other instances, small sections of track were raised and additional ballast inserted. It is conceded in the stipulation that the method employed "was a practicable and economical method." The stipulation further states, "It is conceded that the insertion of this ballast in the roadbed was a part of the construction of the roadbed."

The Bureau erred in classifying as earth this 660,000 cubic yards of ballast in place on valuation date, for the sole reason that it was below the 18-inch limit. Any quantity of ballast less than that actually in place on valuation date would have left an inadequate and insecure track foundation. Some structures require foundations only a few feet in depth, while others may require foundations many feet in depth, and even then must be supported on piles, mattresses, slabs, and by other expensive methods. The amount of ballast to be applied in order properly to support the loads, depends entirely upon the character of the subgrade; six inches may suffice on rock or indurated soil, while many feet may be required in yielding soils. To insure that each tie should support its full burden requires whatever quantity of ballast may be necessary, in each location, to give a secure foundation; and to set up an arbitrary depth standard, whether 18 inches or any other, would render some sections excessively costly and others grossly inadequate or unsafe. The application of this arbitrary rule is wholly unjustified, and operates to the prejudice of the Carrier.

X.

The estimate of cost of reproduction of the Carrier's properties is unreliable, because it is based upon erroneous assumptions and the happening of events which are too uncertain and speculative to form the basis of rational calculations.

In the original report on cost of reproduction new, dated July 5, 1916, some forty points on the line were given as bases for theoretical reconstruction work, these points being junctions or crossings by other roads over which it was assumed that materials and supplies would be received. Of these junctions or crossings, two represent carriers—the Louisiana Central

Railway and the Leesville East & West Railway—which were tap lines, serving no other purport than to bring logs from the forests to the saw mills; and one—the Sabine & Northern Railway—had no connection with the Carrier, and could not be used in the manner assumed. Four were integral parts of the Carrier's system. This initial error of 17½ per cent. was duly pointed out to the Director of Valuation, but no modification was made. In my testimony at the hearing before the Commission in Washington, I pointed out this fundamental error, but without effect.

An error of such glaring character would not be permitted to go without correction in the practical construction work of engineers or contractors; but the Bureau of Valuation has apparently treated it as negligible. This insouciance not only casts a serious doubt upon all related results but also strongly suggests that the same disregard of accuracy may pervade other portions of the work.

In the formulation of the reproduction schedules, the Bureau of Valuation proceeded as though dealing solely with numerical probabilities, whereas in fact it was dealing also with probabilities of events, and of detached, isolated events. Finite minds cannot deal with probabilities of the latter class with sufficient accuracy to utilize the results as bases for reasonable computations. The fallacy of efforts to apply the laws of numerical probability to such events was noted by the Supreme Court in a well-known case.

“How can a valuation of a probable continuance of widowhood be made? Who can say what the probability of remarrying is in regard to any particular widow? We know what some of the factors might be in the question: inclination, age, health, property, attractiveness, children. These would at least, enter into the question as to the probability of continuance of widowhood, and yet *there are no statistics which can be gathered which would tend in the slightest degree to aid in the solving of the question.*”—*Dunbar v. Dunbar*, 190 U. S., 340, 345-346.

The following events, among others, are involved in computing the cost of reproduction new, and are so uncertain and indeterminable as to make it impossible to forecast their effect:

- (a) Condition of the money market and the credit of the Carrier.
- (b) Price at which land can be bought for railroad purposes.
- (c) Condition of the labor market, when large railroads are being built.
- (d) Time required to build a railroad, depending, as it does, on financial, labor and material market conditions, and to no small extent on weather conditions. (On this indeterminable condition depends a large part of the cost of a railroad; namely, interest during construction.)
- (e) The prices of materials, depending, as they do, upon demand and supply, would be largely affected by railroad building. The Bureau of Valuation used prices of 1914, when there was practically no railroad construction. It will be realized that estimates of the cost of a war based on peace prices would be of little value.
- (f) Cost of terminals which are among the most expensive parts of railroad systems, is very difficult to estimate with reasonable accuracy. For example, note the difficulty of estimating the damages along Park Avenue in New York City if the New York Central were built today.
- (g) Floods, storms, fires and strikes, all affect the cost of railroad construction to a tremendous extent, and are practically indeterminable.
- (h) Tremendous expenses are due to delays for loss or late delivery of material, or to delay in the handling of condemnation proceedings or other litigation.

A practical illustration may be drawn from the construction of the Panama Canal. In 1906, Congress, upon the report of its Board of Consulting Engineers, fixed specifically the type of canal that was to be built, and adopted their estimate of cost of \$139,705,200.00, excluding the Panama and French purchase prices, cost of sanitation, civil government, and interest. Up to June 30, 1918, the canal cost the United States Government \$289,930,309.00. Here was an estimate based upon the “probabilities of numbers,” but such was the influence of “events”—the probability of which could not be foreseen—that the original estimate bore no relation to the ultimate results.

In this connection, it is important to bear in mind that cost of reproduction new, as officially computed, is less by \$28,998,772.89 than the Carrier claims it should be. Its claim in this respect is still pending and undetermined. The details are set forth on page 75 of the Carrier's Reply Brief of October 31, 1921.

XI.

The construction period fixed by the Bureau of Valuation is inadequate, and the allowance of interest during construction, based thereon, is wholly insufficient.

The Bureau allowed thirty months for the theoretical reconstruction of the Carrier's properties, and based its allowance of interest during construction upon that period. (No interest whatever was allowed for the construction period upon the land purchases, which will be referred to hereafter.) The Carrier claims, and its claims are supported by overwhelming testimony, that the construction period should not, under any circumstances, be shorter than four years of actual construction, and that interest during construction should be computed upon that period.

The evidence taken under the Carrier's protest, is a complete and conclusive demonstration that the allowance of interest for a less period than four years is a grave and serious injustice to the Carrier. The testimony on the subject is set forth in the Abstract (pp. 553-566).

Mr. Worley, the Bureau of Valuation's engineer, testified in support of the allowance of thirty months. I have no hesitation whatsoever in saying that Mr. Worley did not at any time undertake to fix or determine a reasonable period for the reconstruction of the Carrier's properties. He undertook to fix a period which he regarded as fair for the purpose of the computation of interest, which is quite a different thing. He was asked (Abstract, 554) if, in his opinion, the Carrier's properties could be reconstructed, using modern methods and modern machinery, and assuming the construction work to progress as construction work ordinarily does, in a less period than four years of actual construction. His answer was that he did not make any estimate of what would or would not be done; that his estimate was of what would be a fair period of construction work for the purpose of determining a fair amount of interest, and that he could not answer the question in the way it was put. His general attitude is expressed in the following question and answer (Abstract, 566):

Mr. Moore: But as to whether the contractor at the prices which you have fixed for grading would undertake the construction of the entire properties in four years or less, a period of three years, or a greater period, you did not consider it from that viewpoint?

Mr. Worley: I think I would say no in answer to your question.

Questioned with reference to his thirty-month construction period (Abstract, 588-589), Mr. Worley was unable to say how much construction work would be done the first year, or where he would start work, or what his force would be; nor could he say what force would be employed during the second year, or where the work would be prosecuted, or what progress would be made, and that the same would be true for the third year.

This thirty-month estimate was not an estimate of a proper construction period, but merely an arbitrary period selected by Mr. Worley for the purpose of computation of interest during construction, as is apparent from the following question and answer (Abstract, 560):

Mr. Moore: As a matter of fact, what you really did, Mr. Worley, was to ascertain the amount of interest to be allowed during construction?

Mr. Worley: That is correct.

On the other hand, the Carrier introduced seven witnesses: Mr. McCarty (Abstract, 545), Mr. Rust (Abstract, 546), Mr. Mitchell (Abstract, 546), Mr. Kilpatrick (Abstract, 547), Mr. Sloan (Abstract, 547), Mr. Johnston (Abstract, 548), and Mr. Wallace (Abstract, 551)—all of whom were properly qualified, and all of whom testified that a period of four years would be necessary for the actual construction of the Carrier's properties, and that this would be in addition to one year of preliminary work, such as the surveying and purchasing of real estate, and also in addition to one year after actual construction for the purpose of ballasting the line. In order to complete the actual construction within the four-year period, it would be necessary to make use of all junction points, and to work each way from them, and to use not only the outfits and other resources owned or controlled by the contractor, but also to make use of all outfits and resources of other contractors available, and also to make use of modern appliances, modern machinery, and all practical processes.

I ask the Commission to take the trouble to read this testimony. I have no hesitation whatsoever in saying that, to any fair and unprejudiced mind, the evidence in this case upon this point will irresistibly produce the conviction that any allowance of less than four years of actual construction would be the grossest injustice. No other conclusion can fairly be reached upon a consideration of the sworn testimony.

But the published report in this case of July 1, 1919, utterly ignores the Carrier's testimony, and sustains the finding of the Bureau. This in face of the fact that Mr. Worley, the Bureau's engineer, as above pointed out, expressly stated that he made no estimate of the time necessary to reconstruct the properties, and despite seven competent and uncontradicted witnesses, who stated that a four-period was necessary. No explanation has been offered of this extraordinary and unprecedented miscarriage of justice.

XII.

The unit prices of grading allowed are wholly inadequate, and were proven to be inadequate by overwhelming testimony.

The grading prices fixed by the Bureau of Valuation, against which the Carrier has protested, are as follows (Abstract, 303):

	Team Work	Steam Shovel
Earth	18 cents	30 cents
Loose Rock	40 cents	45 cents
Solid Rock	75 cents	80 cents

A large amount of testimony was taken upon the subject of grading prices, and is summarized at pages 284-495 of the printed Abstract. Our claim is that the prices should be as follows:

	Team Work	Steam Shovel
Earth	24.662¢	35.872¢
Loose Rock	44.840	50.445
Solid Rock	84.075	92.483

I beg the Commission to take the trouble to read this evidence, together with the Carrier's analysis and argument at pages 190-214 of Brief of the Carrier, dated May 25, 1918, and on file in this proceeding.

The prices allowed by the Bureau of Valuation were fixed by Mr. Worley, its engineer, as the result, in the main, of data obtained from the face of construction contracts in various parts of the country, running back many years before valuation date, and rest upon his broad statement, which I believe to be unfounded, that there were no increases in grading prices from 1900 to June 30, 1914. The grading contracts used by Mr. Worley, from different parts of the country, were not comparable with grading work on the line of the Carrier, for the obvious reason that they were under different conditions, and were remote in both time and place. There was no similarity in weather conditions, labor conditions, or in prices of materials and supplies, which necessarily enter into and control cost of grading.

On the other hand, the unit prices claimed by the Carrier are based upon actual performance upon the line of the Carrier itself during the theoretical construction period. It so happened that between 1909 and 1912 a program of grade reduction was carried out on the line of the Carrier, involving certain changes of line. The new line had to be graded, and in this manner 53 miles of new line were graded between the years named, under two grading contracts—one by the Ferguson Contracting Company, made in 1909, and the other by Porter Brothers, made in 1911. These segments of line were from two to seven miles in length, and the materials involved were fairly typical of the entire line. The railroad was, of course, in operation, thus greatly facilitating the work, bringing men, materials, outfits, steam shovels, etc., to the points where the work was to be done.

I insist, and feel entirely justified in insisting, that the unit costs of this work, actually done, should be accepted as cost of grading for the purpose of computing cost of reproduction. The Carrier insists that actual cost, where thus available, should be substituted for theoretical unit prices.

In addition to the actual performance upon the Carrier's line during the theoretical reconstruction period, which established grading costs that are fair and should be accepted, the Carrier introduced seven witnesses, whose testimony supports its claim.

The report of July 1, 1919, sweeps away all the Carrier's evidence, and sustains the finding of the Bureau, remarking that the cost of grading segments of line, as under the Ferguson Contracting Company and Porter Brothers contracts, was greater than ordinary grading. There is not a syllable of evidence in the record to support this conclusion. The entire evidence is to the contrary. The Carrier's witnesses were unanimous that the grad-

ing of such segments is less costly than grading a new railroad because of the existing road and reliance upon it to bring men, supplies and everything needed to the contractor's door, facilitating his work and diminishing his expense.

I request the Commission to read the evidence upon the subject of these unit prices (Abstract, 284-495).

XIII.

The Carrier is entitled to an allowance of interest and taxes during construction upon the cost of acquisition of lands.

Interest during construction has been allowed by the Bureau upon all theoretical expenditures represented in cost of reproduction, except land. The amounts theoretically expended for rails, ties, grading, bridges and structures bear interest from the time of expenditure until the road is put into operation, and the amount is included in cost of reproduction; but an unwarranted exception has been made in the case of land.

Expenditures for acquiring land are necessarily made at an early date, before construction actually begins, and moneys so employed remain idle until the property is in operation. Why should these expenditures not carry interest during the construction period as a part of the cost of construction? If one class of expenditures should bear interest, the other is clearly entitled to the same treatment. The interest has to be paid in every case.

The tentative valuation of March 31, 1921, denies the right of the Carrier to interest during construction on expenditures for lands, for the alleged reason that "this has been compensated for by basing the estimate on present value of land, rather than the value as of the time the lands would be acquired under the hypothetical reproduction theory."

The tentative valuation, therefore, assumes, without any evidence to support it, that the value of the Carrier's lands increased between the date of theoretical purchase and valuation date in an amount equal to interest on land expenditures from the time made until the road was in operation. Not only is there no evidence to support this assumption, but the exact contrary was established by overwhelming testimony at the hearing at Kansas City on May 25, 1921 (pp. 184 *et seq.*, Brief of the Carrier in Support of its Protest Against the Supplemental Tentative Valuation of March 31, 1921).

The result is that the reason assigned for failure to allow interest during construction on theoretical land purchases not only rests upon an unwarranted and unsupported assumption, but the assumption itself has been completely disproved by the sworn testimony of the following witnesses:

H. P. Briley of Texarkana, Texas (R. 5374-5379); John C. Gardner of Fort Smith, Arkansas (R. 5380-5389); Connelly Harrington of Siloam Springs, Arkansas (R. 5397-5398); O. W. Feemster of Gentry, Arkansas (R. 5436-5438); J. W. Harlan of Kansas City, Missouri (R. 5468-5474); Robert S. Stone of Kansas City, Missouri (R. 5475-5483); Hal G. Land of Beaumont, Texas (R. 5506-5512); Robt. R. Emory of Shreveport, Louisiana (R. 5512-5517); H. H. Halvorson of Kansas City, Missouri (R. 5528-5532); H. R. Ennis of Kansas City, Missouri (R. 5532-5537); Walter G. Mellier of Kansas City, Missouri (R. 5537-5544).

XIV.

The Carrier protests against the writing down of its capital in the amount of \$8,000,000.00 on account of so-called accrued or theoretical depreciation.

A sharp distinction must be drawn between depreciation charges, which are very properly applied to protect the capital account in the case of wasting assets, where, for example, there is a depletion by the withdrawal of coal and the so-called depreciation of permanent facilities, which the Bureau of Valuation has magnified to an extent destructive of a large part of the investment in railroads. Two generations ago a great economist, John Stuart Mill, called attention to the fact that "Capital is kept in existence from period to period not by preservation, but by perpetual reproduction." Seventy years ago the London and North-western Railway set up in their accounts an item for depreciation of rolling stock, but after two years' experience abandoned it as untenable, and this abandonment had the unqualified endorsement of Dr. Dionysius Lardner, the distinguished economist of Oxford University.

The Carrier contends that a composite and continuing property such as a railroad is kept in existence by perpetual reproduction and does not depreciate if adequately maintained, and

that it is highly prejudicial to reduce its value by \$8,000,000.00 on the alleged ground that it has depreciated. I confidently assert that in the judgment of every well informed person the property of the Carrier on valuation date was much more valuable than it would have been if at that time entirely new in all its parts.

Certain constituents of railroad property wear out and have to be replaced. Wear and tear and equalizing restoration go on constantly from the moment the railroad is first put in service. If it is properly maintained, renewals and replacements neutralize waste and decay. The expense of restoration or neutralization is an expense of operation, not differing from any other operating expense.

In Paris, the church of Notre Dame, with its centuries of interesting history, still stands. Would any one say that, as a structure, it has suffered depreciation? It is undoubtedly true that, from time to time, some of its component parts have deteriorated, even disintegrated, but restorations have taken place, and the *building* has been preserved. If deterioration and restoration go on for five hundred years more, will there have been depreciation which would be deducted from its value?

Does not the same answer apply in the case of a *railroad*? The making of renewals and replacements as they are required necessarily preserves indefinitely the integrity of the property, as an entirety, and its efficiency as a transportation unit never declines.

Depreciation has no application to a composite railroad property with perpetual life. The theory of depreciation postulates that anything to which it is applicable has a limited and calculable useful life, at the end of which it must be scrapped. If a railroad depreciates, what is the limit to its useful life? Within what period must it be scrapped and thrown away, and a new railroad put in its place?

XV.

There is neither reason nor authority for the depreciation of general expenditures.

The Bureau has written down the Carrier's properties nearly \$500,000.00, to cover an alleged depreciation of general expenditures. The Carrier insists, for reasons which have heretofore been set forth, that no depreciation should be deducted in arriving at a so-called physical value. It is further insisted that under no circumstances and upon no theory can general expenditures be depreciated.

As to nearly all general expenditures it may be said that they represent costs which when incurred, are incurred once for all. This is particularly true of interest during construction, which represents by far the larger portion of general expenditures.

When such expenditures are made or interest paid on funds tied up in property under construction, they never have to be repeated or the interest paid again, so long as the property continues to be a going concern. Such expenditures do not diminish with the depreciation of individual elements (assuming depreciation to exist), because they do not have to be incurred again along with the restoration of these elements.

Once such depreciation is written off, as the Bureau has written it off, it represents a permanent impairment of capital which can never be restored or made good, no matter to what extent repairs or renewals or replacements may be made. Depreciating general expenditures amounts to an actual confiscation of property.

XVI.

The Bureau concedes that appreciation exists, but refuses to make any specific allowance for it.

The Carrier claims \$2,297,634.00 for appreciation, under the name of "Adaptation and Solidification." The Commission admits appreciation in fact. "As to the fact," says the Commission in the Texas Midland case, "no serious question can be made." This has been recognized from the very beginning. Lecount said in 1839, "In first working a railway the embankments settle down and render very expensive repairs necessary without a single vehicle passing over the road, whilst the more it is used, the sooner it will get in perfect condition." But the Bureau excludes any allowance for appreciation from its original cost schedule, and also from its cost of reproduction schedule. Whether any allowance is made for appreciation in the tentative valuation is known only to the Bureau; but it may be safely stated that, if any allowance at all is made on that account, it is insignificant and infinitesimal.

The Bureau, therefore, is in the attitude of saying that appreciation is a substantial fact but that it has not been included as no convenient and satisfactory yardstick has been found with which to measure it. In other words, the existence of a definite, known element of value is conceded and yet the valuations have been made without reference thereto. These valuations, therefore, are admittedly only partial valuations.

The amount of appreciation claimed by the Carrier is about 4½ per cent. of its cost of reproduction, as computed by the Bureau. Until valuations are complete, they ought not to be issued; and as the valuation contemplated for this property is admittedly incomplete, it should be recalled and not reissued until it includes all existing elements and factors.

Conclusion.

The foregoing complaints cover only a part of the many items wherein I feel that the Carrier has been unjustly treated. It has been the purpose to make this statement so brief that it could be read and considered by each member of the Commission, and I have felt that to make it long enough to cover all the matters of complaint which might justly be made, would defeat this purpose. Other matters of complaint are stated in the briefs on file; and failure to enumerate any of them here should not, for the reason stated, be considered as evidence that the Carrier does not insist upon those omitted in good faith and with entire confidence in their merit.

APPENDIX A.

In discussing the proposed Missouri Pacific System, the Commission says it is in "imperative need of a direct line to the Gulf satisfied by including the Kansas City Southern . . . P. 614.

* * * * *

"All of the railroads above enumerated (including the Kansas City Southern), operating in the Southwestern-Gulf region, possess certain characteristics in common. The more important lines are based upon Kansas City and St. Louis in so far as they have been built from the north down, following the spread of population. But they are nearly all dependent, likewise, not alone upon business in and out of these Missouri River gateways, but upon their relation to the Gulf ports. . . .

"Traffic conditions throughout the Southwestern-Gulf region are fairly uniform. Naturally, there are no manufactures, and the carriage outward consists of the products of the territory. Inbound, there is, of course, the lesser volume of manufactures and supplies which are consumed by the population. But the principal earnings of all these roads arise from the carriage of grain, shading off into the carriage of cotton and lumber from the southern and southeastern portions, the carriage of petroleum in large volume from the recently developed oil fields, and the handling of coal in considerable volume from the measures which quite generally underlie a part of the region. . . . P. 615.

* * * * *

". . . It is evident from this showing that, with the exception of the Texas lines of the Kansas City Southern, the subsidiaries in Texas are all notably weak. . . .

"But the Gulf-Southwestern roads as a whole are not merely a set of local carriers. They are properly called upon to perform an important function for the nation as a whole through engaging in long-haul business to and from the Gulf ports to the Missouri River gateways. They are necessary outlets for the entire country west of the Mississippi River. And the construction of the Panama Canal and our recently developed mercantile marine interests are bound to emphasize still further the import and export features of the Southwestern-Gulf traffic. These roads differ considerably. Some of them, like the Kansas City Southern, a bee line between Kansas City and the Gulf, have been favored connections for many years with the great systems operating north of Kansas City. P. 618.

* * * * *

". . . There is nothing corresponding for directness with the air line of the Kansas City Southern, north of that city (Shreveport). . . ." P. 625.

Discussing the importance of the Kansas City Southern to the proposed Missouri Pacific System, the Commission says:

". . . the Kansas City Southern Railway goes straight as an arrow from Kansas City . . . down the eastern boundary of Kansas, Oklahoma, and Texas to the Gulf. Nothing could be shorter than this competitive route, which, of course, got most of the long-haul lucrative traffic. Whatever business was held by the Missouri Pacific was of necessity carried at an inordinate cost by reason of the circuitous routing. To remedy this defect it is recommended that the Kansas City Southern Railway be included in the

Missouri Pacific System. Merger of the two provides a supplementation for each of its own individual shortcomings. . . .

" . . . But while the investment account of the Kansas City Southern per mile of line is fourfold that of the Missouri Pacific, its net operating income is practically double. . . . The road is assuredly in the best condition perhaps of any property within this group, and its strength, largely built upon its main-line business, should be properly utilized to support the great extent of branch mileage of the Missouri Pacific. . . .

"An improvement now being developed by the Kansas City Southern in order to make it a low-grade line to the Gulf is under way. . . . This detour would give a low-grade line with a maximum 0.5 per cent. grade to be utilized for through freight only. . . ." Pp. 628-629.

Appendix B, a rather extended tabulation, is not reproduced. It is summarized in the fourth full paragraph at page 21.

COST OF FEDERAL VALUATION.

The cost to your Company of Federal valuation to December 31, 1921, is as follows:

	Prior to 1921	1921	Total
Field work.....	\$ 68,824.72	.....	\$ 68,824.72
Valuation orders, Interstate Commerce Commission.....	21,007.28	\$18,535.81	39,543.09
Contributions to Presidents' Conference Committee.....	2,311.17	.....	2,311.17
Appraisal of real estate.....	22,004.88	20.00	22,024.88
General and miscellaneous.....	196,520.40	36,117.90	232,638.30
Totals.....	<u>\$310,668.45</u>	<u>\$54,673.71</u>	<u>\$365,342.16</u>

OTHER LEGAL MATTERS.

Besides information on those subjects set forth in the early part of this report, it is perhaps in order to remark here that detailed statements of claims arising from Federal control and the Federal guaranty of income for six months thereafter, were prepared under the supervision of the Legal Department and filed with the appropriate bureaus. Nothing remains to be done in the premises but to await liquidation. Negotiations to that end will follow in due course.

Mention was made in the Twenty-first Annual Report of a question pending before the Commissioner of Internal Revenue relative to liability of the Company for excess profits taxes under its income tax return for the year 1917. Further conferences have been had with representatives of the Commissioner, and indications point to a fair and equitable adjustment.

The appended balance sheets and statistical statements give full detailed information concerning expenditures for improvements, and the results of operation.

In addition to information with respect to the corporate business of your Company, this report contains, for comparative purposes, statistical data which show the operating results obtained under Federal control.

A report, including balance sheet, income account and other pertinent matter, in form prescribed by the Interstate Commerce Commission, has been filed with that body at Washington.

By order of the Board of Directors.

J. A. EDSON,
President.

ACCOUNTS AND STATISTICS

THE KANSAS CITY SOUTHERN RAILWAY COMPANY
TEXARKANA & FORT SMITH RAILWAY COMPANY
Comparative General Balance Sheet, December 31, 1921

ASSETS	DECEMBER 31, 1921	DECEMBER 31, 1920	INCREASE	DECREASE
INVESTMENTS.				
Investment in Road and Equipment.....	\$102,886,107.05	\$102,259,764.64	\$ 626,342.41	
Deposits in lieu of Mortgaged Property sold.....	38,370.66	38,370.66		
Miscellaneous Physical Property.....	744,028.36	504,607.07	239,419.29	
Investments in Affiliated Companies:				
Stocks.....	1,822,916.53	1,860,416.53	.....	\$ 37,500.00
Bonds.....	2,794,844.27	2,794,844.27		
Notes.....	18,664.90	18,650.90	14.00	
Advances.....	1,995,199.55	1,617,635.82	377,563.73	
Other Investments:				
Stocks.....	13,535.18	13,535.18		
Bonds.....	21,498.72	21,498.72		
Notes.....	25,227.20	28,227.20	.....	3,000.00
Miscellaneous.....	46,711.30	46,711.30		
Total Investments.....	\$110,407,101.72	\$109,204,262.29	\$1,202,839.43	
CURRENT ASSETS.				
Cash.....	\$ 1,908,734.41	\$ 1,737,867.29	\$ 170,867.12	
Special Deposits.....	1,041,715.06	750,834.31	290,880.75	
Loans and Bills receivable.....	10,303.74	12,268.87	.....	\$ 1,965.13
Traffic and Car-service Balances receivable:				
U. S. Government transportation accounts.....	7,892.26	23,206.95	.....	15,314.69
Other accounts.....	630,008.70	826,387.80	.....	196,379.10
Net Balance receivable from Agents and Con- ductors.....	134,440.91	424,836.60	.....	290,395.69
Miscellaneous Accounts receivable.....	802,696.32	1,086,446.81	.....	283,750.49
Material and Supplies.....	2,318,872.43	2,568,179.85	.....	249,307.42
Interest and Dividends receivable.....	10,298.12	9,738.88	559.24	
Other Current Assets.....	536,937.40	562,101.81	.....	25,164.41
Total Current Assets.....	\$ 7,401,899.35	\$ 8,001,869.17	\$ 599,969.82	
DEFERRED ASSETS.				
Working Fund Advances.....	\$ 12,685.70	\$ 8,519.52	\$ 4,166.18	
Other Deferred Assets:				
U. S. Government accounts.....	5,759,045.14	5,722,956.32	36,088.82	
Other accounts.....	68,713.79	74,458.27	.....	\$ 5,744.48
Total Deferred Assets.....	\$ 5,840,444.63	\$ 5,805,934.11	\$ 34,510.52	
UNADJUSTED DEBITS.				
Rents and Insurance Premiums paid in advance....	\$ 20,887.52	\$ 21,188.91	.....	\$ 301.39
Property Abandoned chargeable to Operating Expenses.....	359,973.60	451,341.30	.....	91,367.70
Other Unadjusted Debits:				
U. S. Government—Accrued Standard Return....	3,237,876.16	3,237,876.16		
U. S. Government—Income Guaranty.....	613,105.42	520,332.31	\$ 92,773.11	
U. S. Government—Interest on Additions and Betterments.....	109,212.69	110,097.04	.....	884.35
Other Accounts.....	1,036,856.15	612,976.40	423,879.75	
Total Unadjusted Debits.....	\$ 5,377,911.54	\$ 4,953,812.12	\$ 424,099.42	
Grand Totals.....	\$129,027,357.24	\$127,965,877.69	\$1,061,479.55	

THE KANSAS CITY SOUTHERN RAILWAY COMPANY
TEXARKANA & FORT SMITH RAILWAY COMPANY
Comparative General Balance Sheet, December 31, 1921

LIABILITIES	DECEMBER 31, 1921	DECEMBER 31, 1920	INCREASE	DECREASE
CAPITAL STOCK.				
Common Stock:				
Book Liability..... \$30,000,000.00				
Held by or for Company..... 40,100.00	\$ 29,959,900.00	\$ 29,959,900.00		
Preferred Stock:				
Book Liability..... \$21,000,000.00				
Held by or for Company.....	21,000,000.00	21,000,000.00		
Total Capital Stock.....	\$ 50,959,900.00	\$ 50,959,900.00		
GOVERNMENTAL GRANTS.				
Grants in Aid of Construction.....	\$ 511.70	\$ 511.70		
LONG-TERM DEBT.				
Funded Debt Unmatured:				
First Mortgage 3 Per Cent. Gold Bonds, due April 1, 1950.....	\$ 30,000,000.00	\$ 30,000,000.00		
Refunding and Improvement Mortgage 5 Per Cent. Gold Bonds, due April 1, 1950.....	18,000,000.00	18,000,000.00		
Equipment Trust 5 Per Cent. Gold Notes.....	372,000.00	496,000.00		\$ 124,000.00
Equipment Trust No. 34, 6 Per Cent. Temporary Gold Notes.....	890,400.00	954,000.00		63,600.00
Miscellaneous Funded Debt.....	50,487.30		\$ 50,487.30	
Total Long-term Debt.....	\$ 49,312,887.30	\$ 49,450,000.00		\$ 137,112.70
CURRENT LIABILITIES.				
Loans and Bills payable:				
U. S. Government.....	\$ 550,000.00	\$ 550,000.00		
Traffic and Car-service Balances payable:				
U. S. Government transportation accounts.....	17,627.59	19,203.57		\$ 1,575.98
Other accounts.....	526,574.57	991,170.55		464,595.98
Audited Accounts and Wages payable.....	1,513,799.13	2,168,973.85		655,174.72
Miscellaneous Accounts payable.....	23,404.18	22,639.56	\$ 764.62	
Interest Matured unpaid.....	502,105.00	513,670.00		11,565.00
Dividends Matured unpaid.....	5,562.00	4,618.00	944.00	
Unmatured Dividends declared.....	210,000.00	210,000.00		
Unmatured Interest accrued.....	344,953.63	311,789.46	33,164.17	
Unmatured Rents accrued.....	10,706.74	11,052.85		346.11
Other Current Liabilities.....	400,480.70	316,804.76	83,675.94	
Total Current Liabilities.....	\$ 4,105,213.54	\$ 5,119,922.60		\$1,014,709.06
DEFERRED LIABILITIES.				
Other Deferred Liabilities:				
U. S. Government accounts.....	\$ 9,044,174.70	\$ 8,634,089.86	\$ 410,084.84	
Other accounts.....	547,428.32	266,238.54	281,189.78	
Total Deferred Liabilities.....	\$ 9,591,603.02	\$ 8,900,328.40	\$ 691,274.62	
UNADJUSTED CREDITS.				
Tax Liability.....	\$ 766,091.34	\$ 550,982.40	\$ 215,108.94	
Accrued Depreciation—Equipment:				
Accruals during Corporate management.....	593,993.37	385,054.43	208,938.94	
Accruals during Federal control.....	363,122.57	362,493.31	629.26	
Other Unadjusted Credits.....	1,034,369.27	1,534,941.57		\$ 500,572.30
Total Unadjusted Credits.....	\$ 2,757,576.55	\$ 2,833,471.71		\$ 75,895.16
CORPORATE SURPLUS.				
Additions to Property through Income and Surplus.....	\$ 161,796.03	\$ 96,771.09	\$ 65,024.94	
Appropriated Surplus not specifically invested.....	799,044.85	189,214.93	609,829.92	
Profit and Loss credit balance.....	11,338,824.25	10,415,757.26	923,066.99	
Total Corporate Surplus.....	\$ 12,299,665.13	\$ 10,701,743.28	\$1,597,921.85	
Grand Totals.....	\$129,027,357.24	\$127,965,877.69	\$1,061,479.55	

The above Balance Sheet as at December 31, 1921, in our opinion correctly shows the financial position of The Kansas City Southern Railway Company at that date as an individual Company, subject to such adjustment as may be required in the settlement of U. S. Government accounts, and is included in the Combined Balance Sheet of The Kansas City Southern Railway Company and its Subsidiary Companies.

134 SOUTH LA SALLE STREET,
CHICAGO, April 28, 1922.

PRICE, WATERHOUSE & CO.

THE KANSAS CITY SOUTHERN RAILWAY COMPANY
TEXARKANA & FORT SMITH RAILWAY COMPANY
Comparative Income Account for the Year Ended December 31, 1921

	1921	1920
OPERATING INCOME.		
Railway Operating Revenues.....	\$21,840,438.81	\$18,668,288.48
Railway Operating Expenses.....	16,003,485.24	15,051,664.93
Net Revenue from Railway Operations.....	\$ 5,836,953.57	\$ 3,616,623.55
Railway Tax Accruals:		
War Taxes.....	\$ 108,577.31	\$ 104,449.50
Other Taxes.....	964,116.08	729,300.22
Uncollectible Railway Revenues.....	8,217.54	2,426.24
Total Tax Accruals and Uncollectible Revenues.....	\$ 1,080,910.93	\$ 836,175.96
Total Operating Income.....	\$ 4,756,042.64	2,780,447.59
NONOPERATING INCOME.		
Rent from Locomotives.....	\$ 53,400.11	\$ 40,217.87
Rent from Passenger-train Cars.....	32,016.52	27,263.72
Rent from Work Equipment.....	5,842.85	4,603.16
Joint Facility Rent Income.....	149,726.40	147,922.08
Income from Lease of Road.....	Dr. 83.89	485,919.00
Miscellaneous Rent Income.....	8,560.49	7,857.04
Miscellaneous Nonoperating Physical Property.....	22,802.23	26,536.05
Dividend Income.....	51,204.81	
Income from Funded Securities.....	1,814.48	2,393.98
Income from Unfunded Securities and Accounts.....	87,211.80	51,083.24
Miscellaneous Income:		
Federal Guaranty of Income.....		1,120,332.31
Revenues Prior to January 1, 1918.....	Dr. 24,863.94	Dr. 2,222.52
Other Miscellaneous Income.....	17,963.72	113,363.03
Total Nonoperating Income.....	\$ 405,595.58	\$ 2,025,268.96
Gross Income.....	\$ 5,161,638.22	\$ 4,805,716.55
DEDUCTIONS FROM GROSS INCOME.		
Hire of Freight Cars—Debit balance.....	\$ 375,141.08	\$ 586,021.91
Rent for Locomotives.....	28,720.12	24,532.16
Rent for Passenger-train Cars.....	59,092.72	58,932.31
Rent for Work Equipment.....	6,345.62	2,890.17
Joint Facility Rents.....	240,554.26	205,221.39
Rent for Leased Roads.....		19.92
Miscellaneous Rents.....	4,279.00	2,017.15
Miscellaneous Tax Accruals.....	755.17	1,360.52
Interest on Funded Debt.....	1,878,794.76	1,884,277.48
Interest on Unfunded Debt.....	47,967.50	46,841.36
Miscellaneous Income Charges:		
Expenses Prior to January 1, 1918.....	29,656.92	46,534.68
Current Charges.....	57,325.96	23,013.51
Total Deductions from Gross Income.....	\$ 2,728,633.11	\$ 2,881,662.56
Net Income.....	\$ 2,433,005.11	\$ 1,924,053.99
DISPOSITION OF NET INCOME.		
Dividend Appropriations of Income:		
Quarterly Dividends on Preferred Stock:		
No. 56, declared March 15, 1921, payable April 15, 1921.....	\$ 210,000.00	
No. 57, declared June 21, 1921, payable July 15, 1921.....	210,000.00	
No. 58, declared September 20, 1921, payable October 15, 1921.....	210,000.00	
No. 59, declared December 20, 1921, payable January 16, 1922.....	210,000.00	
Total Appropriations of Income.....	\$ 840,000.00	\$ 840,000.00
INCOME BALANCE TRANSFERRED TO PROFIT AND LOSS.....	\$ 1,593,005.11	\$ 1,084,053.99

Profit and Loss Account for the Year Ended December 31, 1921

	DEBITS	CREDITS
Credit Balance at beginning of year.....		\$10,415,757.26
Credit Balance transferred from Income.....		1,593,005.11
Profit on Road and Equipment sold.....		1,059.77
Unrefundable Overcharges.....		296.54
Donations.....		65,024.94
Miscellaneous Credits.....		15,538.19
Surplus Appropriated for Investment in Physical Property.....	\$ 65,024.94	
Debt Discount Extinguished through Surplus.....	175.87	
Miscellaneous Appropriations of Surplus.....	609,826.20	
Loss on Retired Road and Equipment.....	62,406.70	
Delayed Income Debits.....	68.42	
Miscellaneous Debits.....	14,355.43	
Credit Balance carried to Balance Sheet.....	11,338,824.25	
Totals.....	\$12,090,681.81	\$12,090,681.81

THE KANSAS CITY SOUTHERN RAILWAY COMPANY

TEXARKANA & FORT SMITH RAILWAY COMPANY

Comparative Statement of Expenditures for Additions and Betterments for the Year Ended December 31, 1921

	1921	1920
ROAD:		
Engineering.....	\$ 323.08	\$ 16,432.79
Land for Transportation Purposes.....	16,775.85	13,285.16
Grading.....	53,327.34	25,987.55
Bridges, Trestles and Culverts.....	49,327.80	81,848.14
Ties.....	Cr. 953.82	48,825.59
Rails.....	36,561.63	26,579.94
Other Track Material.....	62,201.50	58,234.71
Ballast.....	11,851.57	21,641.08
Track Laying and Surfacing.....	Cr. 17,048.26	69,227.95
Right-of-way Fences.....	8,946.31	6,681.20
Crossings and Signs.....	15,500.60	6,937.44
Station and Office Buildings.....	24,497.56	106,480.59
Roadway Buildings.....	5,765.26	1,478.00
Water Stations.....	38,974.82	8,821.83
Fuel Stations.....	152,010.17	2,114.49
Shops and Enginehouses.....	6,035.91	12,070.16
Telegraph and Telephone Lines.....	268.42	381.20
Signals and Interlockers.....	2,204.08	254.38
Power Distribution Systems.....	4,700.00	.....
Miscellaneous Structures.....	Cr. 6,128.90	5,828.90
Paving.....	25.33	839.01
Roadway Machines.....	323.58	1,605.39
Roadway Small Tools.....	121.92	.....
Assessments for Public Improvements.....	20,295.57	27,589.90
Cost of Road Purchased.....	Cr. 745.48	458.12
Other Expenditures—Road.....	Cr. 480.71	.....
Shop Machinery.....	2,724.36	1,291.38
Power Plant Machinery.....	737.66	341.54
Total Expenditures for Road.....	\$488,143.15	\$545,236.44
EQUIPMENT:		
Steam Locomotives.....	\$ 44,792.74	\$ 18,234.41
Freight-train Cars.....	89,170.40	Cr. 49,289.44
Passenger-train Cars.....	9,095.63	8,726.14
Work Equipment.....	Cr. 8,226.53	1,524.17
Miscellaneous Equipment.....	947.64	.....
Payments on Trust Equipment.....	205,762.52	124,000.00
Equipment Trusts.....	Cr. 200,833.84	843,233.84
Equipment assigned by Director General.....	.....	Cr. 984,000.00
Total Expenditures for Equipment.....	\$140,708.56	Cr. \$ 37,570.88
GENERAL EXPENDITURES:		
Law.....	\$ 1,672.28	\$ 458.78
Interest during Construction.....	Cr. 4,181.58	9,306.72
Total General Expenditures.....	Cr. \$ 2,509.30	\$ 9,765.50
Grand Totals.....	\$626,342.41	\$517,431.06

THE KANSAS CITY SOUTHERN RAILWAY COMPANY
TEXARKANA & FORT SMITH RAILWAY COMPANY
Statement of Improvements in Bridges, Trestles and Culverts,
from June 30, 1900 to December 31, 1921

YEAR	BRIDGES								TRESTLES		CULVERTS		
	STEEL		CONCRETE		WOOD		COMBINATION		WOOD		STONE AND CON- CRETE	CAST IRON PIPE	CON- CRETE PIPE
	No.	Length	No.	Length	No.	Length	No.	Length	No.	Length	No.	No.	No.
June 30, 1900.....	135	10,283	.....	.....	.....	.....	2	453	882	132,730	16	.....	.....
June 30, 1901.....	162	13,392	.....	.....	.....	.....	1	156	751	120,193	53	25	.....
June 30, 1902*.....	199	17,546	.....	.....	1	.....	5	1,066	699	113,634	79	93	.....
June 30, 1903.....	184	17,323	.....	.....	.....	.....	5	513	691	107,853	337	197	.....
June 30, 1904.....	196	18,837	.....	.....	5	68	4	357	608	99,758	365	220	.....
June 30, 1905.....	231	19,225	.....	.....	3	66	3	213	593	96,377	354	233	.....
June 30, 1906.....	233	19,317	.....	.....	.....	.....	2	166	581	95,707	373	245	.....
June 30, 1907.....	240	19,390	.....	.....	1	18	2	157	470	86,979	433	282	.....
June 30, 1908.....	240	19,390	.....	.....	1	18	1	87	445	77,335	478	428	.....
June 30, 1909.....	245	19,502	.....	.....	1	18	1	87	433	76,218	514	502	.....
June 30, 1910.....	249	20,657	.....	.....	.....	.....	1	87	402	74,310	564	556	5
June 30, 1911.....	253	21,153	.....	.....	.....	.....	1	87	390	73,670	604	569	61
June 30, 1912.....	257	21,708	.....	.....	.....	.....	1	87	384	71,695	615	561	64
June 30, 1913.....	260	21,738	1	105	.....	.....	1	87	324	64,792	634	563	68
June 30, 1914.....	272	21,886	1	105	.....	.....	1	87	321	64,701	636	570	77
June 30, 1915.....	281	22,124	1	105	.....	.....	1	87	315	63,931	665	577	98
June 30, 1916.....	284	22,281	1	105	.....	.....	1	87	316	64,049	671	580	97
December 31, 1916...	284	22,281	1	105	.....	.....	1	87	315	65,893	675	580	98
December 31, 1917...	289	22,762	2	225	.....	.....	1	87	307	64,786	689	592	118
December 31, 1918...	295	22,851	2	225	.....	.....	1	87	306	64,804	696	593	130
December 31, 1919...	304	23,058	2	225	.....	.....	1	87	309	64,356	703	603	134
December 31, 1920...	314	23,203	2	225	.....	.....	1	87	323	64,768	705	606	146
December 31, 1921...	314	23,203	2	225	.....	.....	1	87	325	64,443	706	607	149

*Kansas City Suburban Belt R. R. was acquired in 1902.

THE KANSAS CITY SOUTHERN RAILWAY COMPANY
TEXARKANA & FORT SMITH RAILWAY COMPANY
Statement of Equipment Serviceable December 31, 1921

	IN SERVICE DECEMBER 31, 1920			GAINS				LOSSES			TRANSFERRED AS BETWEEN CLASSES		IN SERVICE DECEMBER 31, 1921		
	Owned	Trust Equip- ment	Total	Pur- chased	Re- built	Built	Trust Equip- ment	Sold	Destroyed or Broken Up		From	To	Owned	Trust Equip- ment	Total
									Owned	Trust Equip- ment					
LOCOMOTIVES.															
Passenger.....	24	3	27										24	3	27
Freight.....	109	15	124	1									110	15	125
Switching.....	29	5	34										29	5	34
Totals.....	162	23	185	1									163	23	186
PASSENGER EQUIPMENT.															
Coaches.....	29		29										29		29
Chair Cars.....	25		25										25		25
Coach and Baggage Cars..	2		2										2		2
Coach and Mail Cars.....	1		1										1		1
Baggage Cars.....	17		17										17		17
Baggage, Coach and Mail Cars.....	1		1										1		1
Express and Mail Cars....	10		10										10		10
Totals.....	85		85										85		85
FREIGHT EQUIPMENT.															
<i>In Commercial Service:</i>															
Box Cars.....	1,855	100	1,955		1*	1			34			5	1,828	100	1,928
Furniture Cars.....	224	96	320		1*				7				218	96	314
Stock Cars.....	283		283						5				278		278
Tank Cars.....	105		105	119									224		224
Coal Cars.....	238	1,193	1,431						50	2		22	210	1,191	1,401
Flat Cars.....	174	197	371						7			1	168	197	365
Vinegar Tank Cars.....		2	2											2	2
Totals.....	2,879	1,588	4,467	119	2	1			103	2		28	2,926	1,586	4,512
Caboose.....	81		81						1				80		80
<i>In Work Service:</i>															
Box Cars.....	278		278						4			5	269		269
Water Cars.....	2		2										2		2
Coal Cars.....	1		1										1		1
Flat Cars.....	87		87						1			1	85		85
Ballast Cars.....	37		37						2				35		35
Convertible Coal and Ballast Cars.....	114		114									22	92		92
Totals.....	519		519						7			28	484		484
WORK EQUIPMENT.															
Business Cars.....	4		4										4		4
Wrecker Bunk.....	1		1										1		1
Outfit Coaches.....	8		8										8		8
Derrick Cars.....	10		10										10		10
Steam Shovels.....	2		2										2		2
Slope Levelers.....	2		2										2		2
Ditchers.....	2		2										2		2
Pile Drivers.....	2		2										2		2
Lidgerwoods.....	7		7										7		7
Totals.....	38		38										38		38
Total Cars.....	3,602	1,588	5,190	119	2	1			111	2	28	28	3,613	1,586	5,199

*Reported destroyed in previous report and reinstated during the year 1921.

THE KANSAS CITY SOUTHERN RAILWAY COMPANY
TEXARKANA & FORT SMITH RAILWAY COMPANY

Description of Steam Locomotives

CLASSIFICATION		TOTAL			
Type	Tractive Power in Pounds	Number	Tractive Power in Pounds	Weight on Drivers in Tons	Weight of Engine and Tender in Working Order—Tons
Passenger.....	20,000 or less	8	140,512	312.20	748.18
Passenger.....	Over 20,000	19	607,722	1,365.25	3,471.17
Totals.....		27	748,234	1,677.45	4,219.35
Averages.....			27,712	62.12	156.27
Freight.....	40,000 or less	43	1,371,178	2,720.25	5,242.76
Freight.....	80,000 or less	75	3,991,416	8,376.51	14,748.44
Freight.....	Over 80,000	7	740,901	1,631.00	2,432.15
Totals.....		125	6,103,495	12,727.76	22,423.35
Averages.....			48,827	101.82	179.38
Switch and Work.....	20,000 or less				
Switch and Work.....	40,000 or less	32	891,562	2,038.20	3,381.50
Switch and Work.....	Over 40,000	2	123,208	339.08	339.08
Totals.....		34	1,014,770	2,377.28	3,720.58
Averages.....			29,846	69.92	109.42
Grand Totals.....		186	7,866,499	16,782.49	30,363.28
Averages.....			42,293	90.22	163.24
Average combined Passenger and Ton Miles per annum per pound of Locomotive Tractive Power owned.....522.90					

THE KANSAS CITY SOUTHERN RAILWAY COMPANY
TEXARKANA & FORT SMITH RAILWAY COMPANY

Description of Passenger-train Cars

CLASSIFICATION		TOTAL					
Type	Length Over Body End Sills in Feet	Number			Carrying Capacity		Light Wt. in Working Order—Tons
		All Wood	Steel Under- frame	Total	No. of Passen- gers	Tons of Commodi- ties	
Coach or Chair—First Class.....	Less than 60 feet	7	2	9	505	.....	312
Coach or Chair—First Class.....	Over 60 feet	9	13	22	1,377	.....	1,040
Coach or Chair—Second Class or Emigrant..	All	23	.....	23	1,275	.....	660
Coach or Chair and Combination.....	All	4	.....	4	106	.....	123
Total Passenger-Carrying.....	.....	43	15	58	3,263	.....	2,135
Mail, Express and Baggage.....	Less than 60 feet	6	4	10	.....	126	338
Mail, Express and Baggage.....	Over 60 feet	5	12	17	.....	245	789
Total Commodity-Carrying.....	.....	11	16	27	.....	371	1,127
Grand Totals.....	.....	54	31	85	3,263	371	3,262

Average Passenger-train Car Miles per annum per Passenger-train Car owned..... 72,799

Description of Freight-train Cars

CLASSIFICATION									TOTAL	
Type	Number of Cars of Marked Capacity in Pounds					Number of Cars and Type of Construction				
	Less than 60,000	60,000 to 80,000	80,000 to 100,000	100,000 to 140,000	Total	All Wood	Steel Under-frame	Total	Light Weight in Tons	Marked Carrying Capacity in Tons
Box.....	125	1,331	1,055	.....	2,511	2,313	198	2,511	44,146	86,535
Stock.....	.....	278	.....	.....	278	278	.....	278	4,597	8,340
Tank.....	.....	119	97	10	226	.....	226	226	4,635	7,950
Total Closed....	125	1,728	1,152	10	3,015	2,591	424	3,015	53,378	102,825
Gondola.....	.....	4	1,118	280	1,402	110	1,292	1,402	27,091	58,840
Hopper.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Flat.....	20	147	86	197	450	252	198	450	6,412	18,185
Total Open.....	20	151	1,204	477	1,852	362	1,490	1,852	33,503	77,025
All Other.....	2	111	74	21	208*	187	21	208	3,630	7,390
Grand Totals:...	147	1,990	2,430	508	5,075	3,140	1,935	5,075	90,511	187,240

Average Net Freight Ton Miles per annum per ton of Freight Car Carrying Capacity owned..... 8,340.72

*Does not include 1 double-end Ballast Distributor in work service.

THE KANSAS CITY SOUTHERN RAILWAY COMPANY
Statement of Principal Stocks and Bonds Owned December 31, 1921

CHARACTER	SHARES	FACE AMOUNT	PERCENT OF ISSUE	BOOK VALUE
CHARGED TO INVESTMENTS IN AFFILIATED COMPANIES.				
STOCKS:				
The Arkansas Western Railway Co.....	6,500	\$ 650,000.00	100.0	\$ 302,582.20
The Poteau Valley Railroad Co.....	1,008	100,800.00	100.0	35,000.00
The Maywood & Sugar Creek Railway Co.....	300	30,000.00	100.0	30,000.00
Fort Smith & Van Buren Railway Co.....	120	12,000.00	100.0	12,000.00
Central Railroad of Louisiana.....	50	5,000.00	100.0	1.00
Port Arthur Canal & Dock Co.....	10,000	1,000,000.00	100.0	1,000,000.00
Kansas City Terminal Railway Co.....	1,833⅓	183,333.33	8.3	183,333.33
The Kansas City, Shreveport & Gulf Terminal Co.....	1,500	150,000.00	100.0	150,000.00
The K. C. S. Elevator Co.....	250	25,000.00	100.0	100,000.00
Joplin Union Depot Co.....	100	10,000.00	25.0	10,000.00
Totals.....	21,661⅓	\$ 2,166,133.33	.....	\$ 1,822,916.53
BONDS:				
The Arkansas Western Railway Co. First 5's.....		\$ 650,000.00	100.0	\$ 100,000.00
Port Arthur Canal & Dock Co. First 5's.....		1,000,000.00	100.0	2,679,156.77
The Kansas City, Shreveport & Gulf Terminal Co. First 4's.....		24,000.00	16 0	15,687.50
Totals.....		\$ 1,674,000.00	.....	\$ 2,794,844.27
CHARGED TO INVESTMENT IN ROAD AND EQUIPMENT.				
STOCKS:				
The Kansas City, Shreveport & Gulf Railway Co.....	3,050	\$ 305,000.00	100.0	\$ 300,000.00
Texarkana & Fort Smith Railway Co.....	2,000	100,000.00	100.0	100,000.00
Totals.....	5,050	\$ 405,000.00	.....	\$ 400,000.00
BONDS:				
The Kansas City, Shreveport & Gulf Railway Co. First 5's.....		\$ 6,623,000.00	100.0	\$ 8,278,750.00
Texarkana & Fort Smith Railway Co. First 5's.....		5,591,000.00	100.0	6,988,750.00
Totals.....		\$12,214,000.00	.....	\$15,267,500.00

THE KANSAS CITY SOUTHERN RAILWAY COMPANY

TEXARKANA & FORT SMITH RAILWAY COMPANY

Statement of Revenues, Etc., Accrued Prior to January 1, 1918, and Credited by the United States Railroad Administration to the Railway Companies

RAILWAY OPERATING REVENUES.		
TRANSPORTATION—RAIL LINE:		
Freight.....	Dr. \$ 317.22	
Passenger.....	Dr. 18,987.28	
Switching.....	Dr. 4,084.36	Dr. \$23,388.86
INCIDENTAL.....		Dr. 1,543.62
NONOPERATING INCOME.		
Rent from Work Equipment.....		68.54
Total Revenues Prior to January 1, 1918.....	Dr. \$24,863.94	

Statement of Expenses, Etc., Accrued Prior to January 1, 1918, and Charged by the United States Railroad Administration to the Railway Companies

RAILWAY OPERATING EXPENSES.		
MAINTENANCE OF WAY AND STRUCTURES:		
Superintendence.....	\$ 119.65	
Roadway Maintenance.....	Cr. 257.15	
Tunnels and Subways.....	3.76	
Bridges, Trestles and Culverts.....	Cr. 79.69	
Ties.....	118.67	
Rails.....	396.66	
Other Track Material.....	Cr. 37.79	
Track Laying and Surfacing.....	15.52	
Right-of-way Fences.....	7.03	
Crossings and Signs.....	70.50	
Station and Office Buildings.....	Cr. 466.46	
Roadway Buildings.....	5.32	
Water Stations.....	9,572.77	
Fuel Stations.....	8.57	
Shops and Enginehouses.....	20.23	
Roadway Machines.....	6.69	
Small Tools and Supplies.....	18.68	
Injuries to Persons.....	220.31	
Insurance.....	Cr. 4.11	
Maintaining Joint Tracks, Yards and Other Facilities—Dr.....	2.16	\$ 9,741.32
MAINTENANCE OF EQUIPMENT:		
Shop Machinery.....	\$ 42.51	
Power Plant Machinery.....	7.54	
Steam Locomotives—Repairs.....	743.55	
Freight-train Cars—Repairs.....	5,885.50	
Passenger-train Cars—Repairs.....	95.66	
Work Equipment—Repairs.....	33.26	
Insurance.....	Cr. .36	
Maintaining Joint Equipment at Terminals—Dr.....	293.48	7,101.14
Carried Forward.....		\$16,842.46

THE KANSAS CITY SOUTHERN RAILWAY COMPANY

TEXARKANA & FORT SMITH RAILWAY COMPANY

Statement of Expenses, Etc., Accrued Prior to January 1, 1918, and Charged by the United States Railroad Administration to the Railway Companies

RAILWAY OPERATING EXPENSES—Continued.		
Brought Forward.....		\$16,842.46
TRAFFIC:		
Outside Agencies.....	\$ 14.29	
Advertising.....	16.44	
Traffic Associations.....	296.27	
Industrial and Immigration Bureaus.....	3.80	
Stationery and Printing.....	62.70	
Other Expenses.....	5.79	399.29
TRANSPORTATION—RAIL LINE:		
Station Employees.....	\$2,181.80	
Station Supplies and Expenses.....	74.79	
Yard Supplies and Expenses.....	11.48	
Operating Joint Yards and Terminals—Dr.....	18.47	
Train Enginemen.....	251.21	
Fuel for Train Locomotives.....	1,321.52	
Water for Train Locomotives.....	228.74	
Other Supplies for Train Locomotives.....	22.68	
Trainmen.....	138.74	
Train Supplies and Expenses.....	91.29	
Telegraph and Telephone Operation.....	54.43	
Stationery and Printing.....	6.79	
Other Expenses.....	424.24	
Insurance.....	Cr. 48.56	
Clearing Wrecks.....	3.00	
Damage to Property.....	145.00	
Loss and Damage—Freight.....	370.68	
Injuries to Persons.....	745.31	6,041.61
GENERAL:		
Salaries and Expenses of General Officers.....	\$ 8.20	
Law Expenses.....	405.10	
Stationery and Printing.....	234.48	
Other Expenses.....	Cr. 31.20	
General Joint Facilities—Dr.....	70.08	686.66
TRANSPORTATION FOR INVESTMENT—Cr.....		56.00
RAILWAY TAX ACCRUALS.....		84.00
UNCOLLECTIBLE RAILWAY REVENUES.....		10.74
DEDUCTIONS FROM GROSS INCOME.		
Hire of Freight Cars—Debit balance.....	\$4,100.90	
Rent for Passenger-train Cars.....	1,280.47	
Rent for Work Equipment.....	7.50	
Joint Facility Rents.....	259.29	5,648.16
Total Expenses Prior to January 1, 1918.....		\$29,656.92

THE KANSAS CITY SOUTHERN RAILWAY COMPANY
TEXARKANA & FORT SMITH RAILWAY COMPANY
Comparative Statement of Revenues and Expenses for the Year Ended
December 31, 1921

(Includes Federal Lap-overs from January 1 to September 30, 1921)

	1921	1920	INCREASE	DECREASE
RAILWAY OPERATING REVENUES.				
TRANSPORTATION—RAIL LINE:				
Freight.....	\$17,674,399.84	\$17,361,234.69	\$ 313,165.15	
Passenger.....	2,477,395.17	3,225,909.22		\$ 748,514.05
Excess Baggage.....	20,676.69	20,546.64	130.05	
Mail.....	282,033.82	421,560.74		139,526.92
Express.....	303,835.10	386,203.40		82,368.30
Other Passenger-train.....	6,706.52	4,283.93	2,422.59	
Switching.....	854,373.62	709,388.31	144,985.31	
Special Service Train.....	8,947.34	14,224.11		5,276.77
Other Freight-train.....	2,768.63	3,775.17		1,006.54
Total Rail-Line Transportation Revenues.....	\$21,631,136.73	\$22,147,126.21		\$ 515,989.48
INCIDENTAL.....	\$ 137,154.94	\$ 206,399.12		\$ 69,244.18
JOINT FACILITY.....	Dr. 161.29	1,701.56		1,852.85
Total Railway Operating Revenues.....	\$21,768,140.38	\$22,355,226.89		\$ 587,086.51
RAILWAY OPERATING EXPENSES.				
MAINTENANCE OF WAY AND STRUCTURES:				
Superintendence.....	\$ 271,339.53	\$ 275,788.63		\$ 4,449.10
Roadway Maintenance.....	253,054.09	303,775.16		50,721.07
Tunnels and Subways.....	205.96	716.23		510.27
Bridges, Trestles and Culverts.....	178,340.93	164,283.88	\$ 14,057.05	
Ties.....	553,419.15	576,814.87		23,395.72
Rails.....	202,243.58	74,001.47	128,242.11	
Other Track Material.....	169,981.88	128,815.95	41,165.93	
Ballast.....	107,892.07	82,007.00	25,885.07	
Track Laying and Surfacing.....	851,820.08	933,040.96		81,220.88
Right-of-way Fences.....	38,557.74	37,230.44	1,327.30	
Crossings and Signs.....	32,025.53	29,204.95	2,820.58	
Station and Office Buildings.....	73,039.58	84,502.96		11,463.38
Roadway Buildings.....	21,801.68	17,052.13	4,749.55	
Water Stations.....	25,456.72	34,179.61		8,722.89
Fuel Stations.....	38,913.34	24,215.89	14,697.45	
Shops and Enginehouses.....	54,579.44	90,649.66		36,070.22
Telegraph and Telephone Lines.....	62,550.38	65,671.83		3,121.45
Signals and Interlockers.....	6,056.87	3,074.45	2,982.42	
Power Distribution Systems.....	4,732.36		4,732.36	
Power Plant Buildings.....	180.57	2,075.02		1,894.45
Power Line Poles and Fixtures.....	415.46	970.80		555.34
Miscellaneous Structures.....	243.11	3,806.35		3,563.24
Paving.....	4,981.37	4,059.52	921.85	
Roadway Machines.....	15,626.91	8,002.73	7,624.18	
Small Tools and Supplies.....	38,174.20	39,688.90		1,514.70
Removing Snow, Ice and Sand.....	2,840.02	1,523.79	1,316.23	
Assessments for Public Improvements.....	670.29	737.77		67.48
Injuries to Persons.....	16,081.51	46,564.61		30,483.10
Insurance.....	28,949.74	31,695.18		2,745.44
Stationery and Printing.....	13,058.74	13,837.94		779.20
Other Expenses.....	5,042.09	11,219.10		6,177.01
Maintaining Joint Tracks, Yards and Other Fac.—Dr.	38,085.30	53,960.05		15,874.75
Maintaining Joint Tracks, Yards and Other Fac.—Cr.	76,812.05	138,535.97		61,723.92
Total Maintenance of Way and Structures.....	\$ 3,033,548.17	\$ 3,004,631.86	\$ 28,916.31	

THE KANSAS CITY SOUTHERN RAILWAY COMPANY
TEXARKANA & FORT SMITH RAILWAY COMPANY
Comparative Statement of Revenues and Expenses for the Year Ended
December 31, 1921

(Includes Federal Lap-overs from January 1 to September 30, 1921)

	1921	1920	INCREASE	DECREASE
RAILWAY OPERATING EXPENSES—Continued.				
MAINTENANCE OF EQUIPMENT:				
Superintendence.....	\$ 185,360.35	\$ 189,938.81		\$ 4,578.46
Shop Machinery.....	74,592.55	97,991.11		23,398.56
Power Plant Machinery.....	10,182.80	9,577.81	\$ 604.99	
Steam Locomotives—Repairs.....	1,512,554.46	1,896,409.46		383,855.00
Steam Locomotives—Depreciation.....	100,417.60	102,699.19		2,281.59
Steam Locomotives—Retirements.....	Cr. 691.63	1,165.21		1,856.89
Freight-train Cars—Repairs.....	1,460,300.53	1,384,916.88	75,383.65	
Freight-train Cars—Depreciation.....	101,133.73	106,458.43		5,324.70
Freight-train Cars—Retirements.....	51,987.55	54,412.21		2,424.66
Passenger-train Cars—Repairs.....	224,771.18	287,702.76		62,931.58
Passenger-train Cars—Depreciation.....	9,077.61	8,026.01	1,051.60	
Passenger-train Cars—Retirements.....	845.91	1,488.31		642.40
Work Equipment—Repairs.....	76,265.47	101,538.26		25,272.79
Work Equipment—Depreciation.....	7,811.01	3,445.39	4,365.62	
Work Equipment—Retirements.....	1,568.15	21.14	1,547.01	
Equalization—Equipment.....	18,745.81		18,745.81	
Injuries to Persons.....	9,081.95	24,721.31		15,639.36
Insurance.....	22,339.43	16,050.22	6,289.21	
Stationery and Printing.....	16,436.83	15,981.78	455.05	
Other Expenses.....	10,132.05	2,808.67	7,323.38	
Maintaining Joint Equipment at Terminals—Dr.	6,961.66	17,573.12		10,611.46
Maintaining Joint Equipment at Terminals—Cr.	7.79	.01	7.78	
Total Maintenance of Equipment.....	\$ 3,899,867.16	\$ 4,322,926.07		\$ 423,058.91
TRAFFIC:				
Superintendence.....	\$ 167,321.95	\$ 162,982.14	\$ 4,339.81	
Outside Agencies.....	247,443.50	186,317.54	61,125.96	
Advertising.....	10,189.00	7,813.42	2,375.58	
Traffic Associations.....	6,837.92	23,368.59		\$ 16,530.67
Industrial and Immigration Bureaus.....	16,006.54	16,524.10		517.56
Insurance.....	337.35	211.05	126.30	
Stationery and Printing.....	71,865.49	72,728.83		863.34
Other Expenses.....	Cr. 1.80	3.00		4.80
Total Traffic.....	\$ 519,999.95	\$ 469,948.67	\$ 50,051.28	
TRANSPORTATION—RAIL LINE:				
Superintendence.....	\$ 280,018.27	\$ 276,611.15	\$ 3,407.12	
Dispatching Trains.....	85,689.08	84,606.82	1,082.26	
Station Employees.....	883,514.15	977,358.18		\$ 93,844.03
Weighing, Inspection and Demurrage Bureaus.....	31,894.05	31,008.11	885.94	
Station Supplies and Expenses.....	65,097.73	72,620.35		7,522.62
Yardmasters and Yard Clerks.....	173,290.45	187,487.09		14,196.64
Yard Conductors and Brakemen.....	384,585.16	474,691.58		90,106.42
Yard Switch and Signal Tenders.....	18,084.45	18,580.79		496.34
Yard Enginemen.....	245,050.69	312,483.43		67,432.74
Fuel for Yard Locomotives.....	470,143.05	583,941.35		113,798.30
Water for Yard Locomotives.....	21,627.42	22,947.52		1,320.10
Lubricants for Yard Locomotives.....	4,792.29	6,761.84		1,969.55
Other Supplies for Yard Locomotives.....	15,824.64	21,146.41		5,321.77
Enginehouse Expenses—Yard.....	146,535.90	195,129.72		48,593.82
Yard Supplies and Expenses.....	10,279.87	9,708.68	571.19	
Operating Joint Yards and Terminals—Dr.	115,064.24	118,464.87		3,400.63
Operating Joint Yards and Terminals—Cr.	2,180.28	12,573.36		10,393.08
Carried Forward.....	\$ 2,949,311.16	\$ 3,380,974.53		\$ 431,663.37

THE KANSAS CITY SOUTHERN RAILWAY COMPANY
TEXARKANA & FORT SMITH RAILWAY COMPANY
Comparative Statement of Revenues and Expenses for the Year Ended
December 31, 1921

(Includes Federal Lap-overs from January 1 to September 30, 1921)

	1921	1920	INCREASE	DECREASE
RAILWAY OPERATING EXPENSES—Continued.				
TRANSPORTATION—RAIL LINE—Continued:				
Brought Forward.....	\$ 2,949,311.16	\$ 3,380,974.53		\$ 431,663.37
Train Enginemen.....	626,410.14	740,347.73		113,937.59
Fuel for Train Locomotives.....	1,874,605.76	2,286,066.73		411,460.97
Water for Train Locomotives.....	97,252.63	89,969.52	\$ 7,283.11	
Lubricants for Train Locomotives.....	23,635.32	25,650.22		2,014.90
Other Supplies for Train Locomotives.....	29,698.12	34,618.45		4,920.33
Enginehouse Expenses—Train.....	230,206.99	298,188.89		67,981.90
Trainmen.....	791,943.51	950,576.38		158,632.87
Train Supplies and Expenses.....	283,898.74	321,914.47		38,015.73
Signal and Interlocker Operation.....	26,076.34	24,688.42	1,387.92	
Crossing Protection.....	38,346.72	38,501.02		154.30
Drawbridge Operation.....	10,484.62	13,760.35		3,275.73
Telegraph and Telephone Operation.....	75,785.66	75,261.44	524.22	
Stationery and Printing.....	70,290.16	84,232.06		13,941.90
Other Expenses.....	16,238.86	8,347.52	7,891.34	
Operating Joint Tracks and Facilities—Dr.....	22,362.19	42,231.10		19,868.91
Operating Joint Tracks and Facilities—Cr.....	79,434.63	121,963.84		42,529.21
Insurance.....	78,141.03	12,124.99	66,016.04	
Clearing Wrecks.....	45,573.05	91,488.26		45,915.21
Damage to Property.....	12,153.21	19,109.35		6,956.14
Damage to Live Stock on Right of Way.....	97,728.30	177,468.71		79,740.41
Loss and Damage—Freight.....	328,243.14	322,216.08	6,027.06	
Loss and Damage—Baggage.....	1,202.40	1,725.06		522.66
Injuries to Persons.....	23,827.53	314,101.15		290,273.62
Total Transportation—Rail Line.....	\$ 7,673,980.95	\$ 9,231,598.59		\$1,557,617.64
GENERAL:				
Salaries and Expenses of General Officers.....	\$ 177,137.17	\$ 143,510.82	\$ 33,626.35	
Salaries and Expenses of Clerks and Attendants.....	511,237.99	504,337.72	6,900.27	
General Office Supplies and Expenses.....	39,342.32	35,919.67	3,422.65	
Law Expenses.....	115,262.16	93,967.17	21,294.99	
Insurance.....	967.46	1,339.57		\$ 372.11
Pensions.....	9,598.49	4,115.03	5,483.46	
Stationery and Printing.....	54,450.87	53,005.51	1,445.36	
Valuation Expenses.....	55,140.89	42,991.98	12,148.91	
Other Expenses.....	25,327.90	19,882.28	5,445.62	
General Joint Facilities—Dr.....	2,568.10	2,804.21		236.11
General Joint Facilities—Cr.....		.02		.02
Total General.....	\$ 991,033.35	\$ 901,873.94	\$ 89,159.41	
TRANSPORTATION FOR INVESTMENT—Cr.....	\$ 14,437.37	\$ 19,313.92		\$ 4,876.55
Grand Total Railway Operating Expenses.....	\$16,103,992.21	\$17,911,665.21		\$1,807,673.00
Net Revenue from Railway Operations.....	\$ 5,664,148.17	\$ 4,443,561.68	\$1,220,586.49	
RAILWAY TAX ACCRUALS.....	\$ 1,072,693.39	\$ 957,904.95	\$ 114,788.44	
UNCOLLECTIBLE RAILWAY REVENUES.....	10,405.17	5,114.99	5,290.18	
Total Tax Accruals and Uncollectible Revenues.....	\$ 1,083,098.56	\$ 963,019.94	\$ 120,078.62	
Total Operating Income.....	\$ 4,581,049.61	\$ 3,480,541.74	\$1,100,507.87	

THE KANSAS CITY SOUTHERN RAILWAY COMPANY
TEXARKANA & FORT SMITH RAILWAY COMPANY
Statement of Revenues, Etc., Accrued Prior to March 1, 1920, and Credited to the United
States Railroad Administration from January 1 to September 30, 1921
(Included in Statement at page 45)

RAILWAY OPERATING REVENUES.		
TRANSPORTATION—RAIL LINE:		
Freight.....	<i>Dr. \$73,081.36</i>	
Passenger.....	1,404.85	
Excess Baggage.....	6.51	
Mail.....	90.30	
Other Passenger-train.....	674.99	
Switching.....	1,745.98	
Other Freight-train.....	30.01	<i>Dr. \$69,128.72</i>
INCIDENTAL.....		<i>Dr. 3,169.71</i>
Total Revenues Prior to March 1, 1920.....		<i>Dr. \$72,298.43</i>

Statement of Revenues, Etc., Accrued Prior to March 1, 1920, and Credited to the United
States Railroad Administration from October 1 to December 31, 1921
(Not Included in Statement at page 45)

RAILWAY OPERATING REVENUES.		
TRANSPORTATION—RAIL LINE:		
Freight.....	<i>Dr. \$27,942.63</i>	
Passenger.....	<i>Dr. 5,701.56</i>	
Excess Baggage.....	<i>Dr. 49.25</i>	
Express.....	<i>Dr. 1,878.53</i>	
Switching.....	<i>Dr. 39.50</i>	<i>Dr. \$35,611.47</i>
INCIDENTAL.....		<i>Dr. 36.56</i>
Total Revenues Prior to March 1, 1920.....		<i>Dr. \$35,648.03</i>

THE KANSAS CITY SOUTHERN RAILWAY COMPANY

TEXARKANA & FORT SMITH RAILWAY COMPANY

Statement of Expenses, Etc., Accrued Prior to March 1, 1920, and Charged to the United States Railroad Administration from January 1 to September 30, 1921

(Included in Statement at page 45)

RAILWAY OPERATING EXPENSES.		
MAINTENANCE OF WAY AND STRUCTURES:		
Superintendence.....	\$ 489.25	
Roadway Maintenance.....	Cr. 4,506.73	
Bridges, Trestles and Culverts.....	14,488.23	
Ties.....	2.37	
Rails.....	474.43	
Other Track Material.....	Cr. 17,474.33	
Ballast.....	1,887.40	
Track Laying and Surfacing.....	Cr. 2,081.39	
Right-of-way Fences.....	6,481.11	
Crossings and Signs.....	6.59	
Station and Office Buildings.....	Cr. 406.79	
Roadway Buildings.....	7.79	
Water Stations.....	5,106.34	
Fuel Stations.....	Cr. 554.18	
Shops and Enginehouses.....	753.14	
Telegraph and Telephone Lines.....	81.98	
Signals and Interlockers.....	Cr. 543.34	
Paving.....	Cr. 228.96	
Roadway Machines.....	72.54	
Small Tools and Supplies.....	Cr. 18.33	
Assessments for Public Improvements.....	Cr. 338.90	
Injuries to Persons.....	3,444.76	
Stationery and Printing.....	.76	
Other Expenses.....	255.71	
Maintaining Joint Tracks, Yards and Other Facilities—Dr.....	Cr. 635.31	
Maintaining Joint Tracks, Yards and Other Facilities—Cr.....	Dr. 3,781.36	\$ 10,545.50
MAINTENANCE OF EQUIPMENT:		
Superintendence.....	Cr. \$ 176.53	
Shop Machinery.....	Cr. 1,013.19	
Power Plant Machinery.....	Cr. 3.44	
Steam Locomotives—Repairs.....	4,248.66	
Steam Locomotives—Depreciation.....	Cr. 2.80	
Steam Locomotives—Retirements.....	Cr. 72.93	
Freight-train Cars—Repairs.....	8,750.94	
Freight-train Cars—Depreciation.....	82.22	
Freight-train Cars—Retirements.....	Cr. 1,701.92	
Passenger-train Cars—Repairs.....	Cr. 20.55	
Passenger-train Cars—Depreciation.....	263.28	
Passenger-train Cars—Retirements.....	8.76	
Work Equipment—Repairs.....	53.94	
Work Equipment—Depreciation.....	84.69	
Work Equipment—Retirements.....	Cr. 132.70	
Injuries to Persons.....	1,264.15	
Stationery and Printing.....	18.46	
Maintaining Joint Equipment at Terminals—Dr.....	13.02	11,664.06
Carried Forward.....		\$ 22,209.56

THE KANSAS CITY SOUTHERN RAILWAY COMPANY
TEXARKANA & FORT SMITH RAILWAY COMPANY

**Statement of Expenses, Etc., Accrued Prior to March 1, 1920, and Charged to the United States
Railroad Administration from January 1 to September 30, 1921**

(Included in Statement at page 45)

RAILWAY OPERATING EXPENSES—Continued.		
Brought Forward		\$ 22,209.56
TRAFFIC:		
Superintendence.....	\$ 409.41	
Outside Agencies.....	92.48	
Advertising.....	139.65	
Traffic Associations.....	Cr. 1,463.57	
Industrial and Immigration Bureaus.....	12.78	
Stationery and Printing.....	777.02	Cr. 82.23
TRANSPORTATION—RAIL LINE:		
Superintendence.....	Cr. \$ 202.95	
Dispatching Trains.....	Cr. 471.50	
Station Employes.....	4,605.60	
Weighing, Inspection and Demurrage Bureaus.....	34	
Station Supplies and Expenses.....	Cr. 271.97	
Yardmasters and Yard Clerks.....	25.11	
Yard Conductors and Brakemen.....	32	
Water for Yard Locomotives.....	20.77	
Lubricants for Yard Locomotives.....	1.92	
Other Supplies for Yard Locomotives.....	6.33	
Enginehouse Expenses—Yard.....	Cr. 543.88	
Yard Supplies and Expenses.....	84.14	
Operating Joint Yards and Terminals—Dr.....	164.51	
Operating Joint Yards and Terminals—Cr.....	123.00	
Train Enginemen.....	24.74	
Fuel for Train Locomotives.....	183.68	
Water for Train Locomotives.....	106.28	
Lubricants for Train Locomotives.....	7.48	
Other Supplies for Train Locomotives.....	11.95	
Enginehouse Expenses—Train.....	Cr. 219.85	
Trainmen.....	348.92	
Train Supplies and Expenses.....	3,221.89	
Crossing Protection.....	Cr. 74.78	
Drawbridge Operation.....	Cr. 48.40	
Telegraph and Telephone Operation.....	Cr. 257.02	
Stationery and Printing.....	Cr. 105.74	
Other Expenses.....	319.96	
Operating Joint Tracks and Facilities—Dr.....	Cr. 4,205.93	
Operating Joint Tracks and Facilities—Cr.....	Dr. 118.27	
Insurance.....	168.39	
Clearing Wrecks.....	526.16	
Damage to Property.....	1,029.57	
Damage to Live Stock on Right of Way.....	3,524.43	
Loss and Damage—Freight.....	61,448.00	
Loss and Damage—Baggage.....	167.54	
Injuries to Persons.....	9,825.57	79,416.85
GENERAL:		
Salaries and Expenses of General Officers.....	\$ 230.87	
Salaries and Expenses of Clerks and Attendants.....	129.75	
General Office Supplies and Expenses.....	77.13	
Law Expenses.....	258.48	
Insurance.....	Cr. 164.66	
Stationery and Printing.....	182.32	
Valuation Expenses.....	467.18	
Other Expenses.....	Cr. 18.21	
General Joint Facilities—Dr.....	Cr. 142.32	1,020.54
TRANSPORTATION FOR INVESTMENT—Cr.....		2,107.75
UNCOLLECTIBLE RAILWAY REVENUES.....		2,187.63
Total Expenses Prior to March 1, 1920.....		\$102,694.60

THE KANSAS CITY SOUTHERN RAILWAY COMPANY

TEXARKANA & FORT SMITH RAILWAY COMPANY

Statement of Expenses, Etc., Accrued Prior to March 1, 1920, and Charged to the United States Railroad Administration from October 1 to December 31, 1921

(Not Included in Statement at page 45)

RAILWAY OPERATING EXPENSES.		
MAINTENANCE OF WAY AND STRUCTURES:		
Superintendence.....	Cr.\$ 387.51	
Roadway Maintenance.....	92.09	
Tunnels and Subways.....	Cr. 7.74	
Bridges, Trestles and Culverts.....	Cr. 22,248.91	
Ties.....	Cr. 146,615.26	
Rails.....	16,151.26	
Other Track Material.....	9,467.62	
Ballast.....	45.83	
Track Laying and Surfacing.....	Cr. 754.55	
Right-of-way Fences.....	Cr. 2,199.83	
Crossings and Signs.....	Cr. 1,746.31	
Station and Office Buildings.....	Cr. 5,641.99	
Roadway Buildings.....	Cr. 1,070.84	
Water Stations.....	Cr. 945.39	
Fuel Stations.....	Cr. 1,293.94	
Shops and Enginehouses.....	Cr. 8,172.05	
Telegraph and Telephone Lines.....	2.55	
Signals and Interlockers.....	77.09	
Power Plant Buildings.....	Cr. 309.47	
Miscellaneous Structures.....	Cr. 162.48	
Paving.....	Cr. 81.24	
Roadway Machines.....	Cr. 356.46	
Small Tools and Supplies.....	240.65	
Injuries to Persons.....	1,587.38	
Stationery and Printing.....	Cr. 1,033.62	
Maintaining Joint Tracks, Yards and Other Facilities—Dr.....	44.89	
Maintaining Joint Tracks, Yards and Other Facilities—Cr.....	267.50	Cr.\$165,585.73
MAINTENANCE OF EQUIPMENT:		
Superintendence.....	Cr.\$ 83.30	
Shop Machinery.....	256.00	
Power Plant Machinery.....	34.02	
Steam Locomotives—Repairs.....	Cr. 2,339.33	
Freight-train Cars—Repairs.....	Cr. 197.28	
Freight-train Cars—Depreciation.....	269.95	
Freight-train Cars—Retirements.....	1,007.11	
Passenger-train Cars—Repairs.....	384.20	
Work Equipment—Repairs.....	Cr. 253.79	
Work Equipment—Depreciation.....	21.38	
Injuries to Persons.....	.56	
Stationery and Printing.....	Cr. 1,612.20	
Maintaining Joint Equipment at Terminals—Dr.....	7.99	Cr. 2,504.69
TRAFFIC:		
Superintendence.....	Cr.\$ 49.30	
Outside Agencies.....	128.17	
Stationery and Printing.....	Cr. 794.61	Cr. 715.74
Carried Forward.....		Cr.\$168,806.16

THE KANSAS CITY SOUTHERN RAILWAY COMPANY

TEXARKANA & FORT SMITH RAILWAY COMPANY

Statement of Expenses, Etc., Accrued Prior to March 1, 1920, and Charged to the United States Railroad Administration from October 1 to December 31, 1921

(Not Included in Statement at page 45)

RAILWAY OPERATING EXPENSES—Continued.		
Brought Forward.....		Cr. \$168,806.16
TRANSPORTATION—RAIL LINE:		
Superintendence.....	Cr. \$ 79.22	
Dispatching Trains.....	Cr. 21.43	
Station Employees.....	2,652.30	
Station Supplies and Expenses.....	187.99	
Yardmasters and Yard Clerks.....	4.29	
Fuel for Yard Locomotives.....	Cr. 6,155.67	
Water for Yard Locomotives.....	20.56	
Lubricants for Yard Locomotives.....	11.41	
Other Supplies for Yard Locomotives.....	25.96	
Enginehouse Expenses—Yard.....	822.51	
Yard Supplies and Expenses.....	15.73	
Operating Joint Yards and Terminals—Dr.....	.21	
Fuel for Train Locomotives.....	Cr. 28,153.97	
Water for Train Locomotives.....	79.80	
Lubricants for Train Locomotives.....	60.08	
Other Supplies for Train Locomotives.....	44.91	
Enginehouse Expenses—Train.....	141.44	
Train Supplies and Expenses.....	268.31	
Crossing Protection.....	4.74	
Telegraph and Telephone Operation.....	49.31	
Stationery and Printing.....	Cr. 7,520.96	
Other Expenses.....	247.64	
Operating Joint Tracks and Facilities—Dr.....	Cr. 7.94	
Operating Joint Tracks and Facilities—Cr.....	1.51	
Insurance.....	Cr. 2.07	
Clearing Wrecks.....	27.36	
Damage to Property.....	401.34	
Damage to Live Stock on Right of Way.....	589.21	
Loss and Damage—Freight.....	1,591.49	
Loss and Damage—Baggage.....	86.77	
Injuries to Persons.....	736.00	Cr. 33,873.41
GENERAL:		
Salaries and Expenses of General Officers.....	Cr. \$ 1.85	
Salaries and Expenses of Clerks and Attendants.....	Cr. 4.10	
General Office Supplies and Expenses.....	Cr. 50.80	
Law Expenses.....	95.35	
Stationery and Printing.....	Cr. 2,625.64	
Other Expenses.....	6.04	
General Joint Facilities—Dr.....	Cr. .10	Cr. 2,581.10
TRANSPORTATION FOR INVESTMENT—Cr.....		1,183.01
RAILWAY TAX ACCRUALS.....		Cr. 25,098.74
UNCOLLECTIBLE RAILWAY REVENUES.....		399.32
Total Expenses Prior to March 1, 1920.....		Cr. \$231,143.10

THE KANSAS CITY SOUTHERN RAILWAY COMPANY
TEXARKANA & FORT SMITH RAILWAY COMPANY

Comparative Statement of Classified Revenue Tonnage for the Year Ended December 31, 1921

COMMODITIES	FREIGHT ORIGINATING ON THIS ROAD		FREIGHT RECEIVED FROM CONNECTING LINES		TOTAL TONS		PER CENT.	
	1921	1920	1921	1920	1921	1920	1921	1920
PRODUCTS OF AGRICULTURE:								
Wheat.....	291,389	165,023	155,246	163,838	446,635	328,861	8.7	5.4
Corn.....	71,749	21,377	32,864	18,523	104,613	39,900	2.0	.7
Oats.....	52,627	45,618	24,690	48,566	77,317	94,184	1.5	1.5
Other Grain.....	4,994	9,851	15,666	19,193	20,660	29,044	.4	.5
Flour and Meal.....	40,609	15,761	74,444	53,894	115,053	69,655	2.3	1.1
Other Mill Products.....	40,311	61,225	21,810	37,561	62,121	98,786	1.2	1.6
Hay, Straw and Alfalfa.....	21,283	43,657	7,703	21,430	28,986	65,087	.6	1.1
Tobacco.....	12	20	5	.....	17	20	.0	.0
Cotton.....	26,307	23,700	11,890	12,222	38,197	35,922	.7	.6
Cotton Seed and Products, except oil.....	23,938	20,450	42,396	24,216	66,334	44,666	1.3	.7
Citrus Fruits.....	.....	6	1,071	864	1,071	870	.0	.0
Other Fresh Fruits.....	7,372	13,970	45,976	43,297	53,348	57,267	1.0	.9
Potatoes.....	5,489	5,023	21,405	17,406	26,894	22,429	.5	.4
Other Fresh Vegetables.....	573	501	7,305	8,276	7,878	8,777	.2	.1
Dried Fruits and Vegetables...	158	228	2,533	5,090	2,691	5,318	.1	.1
Other Products of Agriculture..	6,771	5,344	16,956	14,646	23,727	19,990	.5	.3
Totals	593,582	431,754	481,960	489,022	1,075,542	920,776	21.0	15.0
PRODUCTS OF ANIMALS:								
Horses and Mules.....	2,602	7,618	666	4,613	3,268	12,231	.1	.2
Cattle and Calves.....	13,034	16,072	1,926	8,865	14,960	24,937	.3	.4
Sheep and Goats.....	579	834	178	400	757	1,234	.0	.0
Hogs.....	8,515	7,368	1,605	3,170	10,120	10,538	.2	.2
Fresh Meats.....	3,234	3,807	1,532	1,844	4,766	5,651	.1	.1
Other Packing House Products	15,111	16,181	17,618	15,581	32,729	31,762	.6	.5
Poultry.....	1,982	875	115	97	2,097	972	.0	.0
Eggs.....	1,952	1,282	513	555	2,465	1,837	.1	.0
Butter and Cheese.....	279	177	2,053	2,134	2,332	2,311	.0	.1
Wool.....	132	77	24	29	156	106	.0	.0
Hides and Leather.....	1,158	1,082	1,897	2,162	3,055	3,244	.1	.1
Other Products of Animals.....	21,836	7,571	7,423	3,766	29,259	11,337	.6	.2
Totals	70,414	62,944	35,550	43,216	105,964	106,160	2.1	1.8
PRODUCTS OF MINES:								
Anthracite Coal.....	.....	.....	34	50	34	50	.0	.0
Bituminous Coal.....	346,084	554,832	174,583	308,978	520,667	863,810	10.2	14.1
Coke.....	1,900	14,869	2,254	4,366	4,154	19,235	.1	.3
Iron Ore.....	.....	.....	20	40	20	40	.0	.0
Other Ores and Concentrates ..	17,229	25,681	14,880	13,189	32,109	38,870	.6	.6
Base Bullion and Matte.....	.....	.....	792	7,142	792	7,142	.0	.1
Clay, Gravel, Sand and Stone..	135,444	157,245	119,679	112,103	255,123	269,348	5.0	4.4
Crude Petroleum.....	13,030	81,981	212,552	402,936	225,582	484,917	4.4	7.9
Asphaltum.....	148,493	204,672	2,993	4,271	151,486	208,943	3.0	3.4
Salt.....	155	105	7,715	9,023	7,870	9,128	.1	.2
Other Products of Mines	1,802	29,170*	40,931	44,291	42,733	73,461	.8	1.2
Totals	664,137	1,068,555	576,433	906,389	1,240,570	1,974,944	24.2	32.2
Carried Forward.....	1,328,133	1,563,253	1,093,943	1,438,627	2,422,076	3,001,880	47.3	49.0

*Chatts, classified under Other Products of Mines in 1920, classified under Other Manufactures and Miscellaneous in 1921

THE KANSAS CITY SOUTHERN RAILWAY COMPANY
TEXARKANA & FORT SMITH RAILWAY COMPANY

Comparative Statement of Classified Revenue Tonnage for the Year Ended December 31, 1921

COMMODITIES	FREIGHT ORIGINATING ON THIS ROAD		FREIGHT RECEIVED FROM CONNECTING LINES		TOTAL TONS		PER CENT.	
	1921	1920	1921	1920	1921	1920	1921	1920
Brought Forward.....	1,328,133	1,563,253	1,093,943	1,438,627	2,422,076	3,001,880	47.3	49.0
PRODUCTS OF FORESTS:								
Logs, Posts, Poles and Cord-wood.....	42,974	80,944	17,518	26,875	60,492	107,819	1.2	1.8
Ties.....	119,937	116,362	16,142	77,134	136,079	193,496	2.6	3.1
Pulp Wood.....	39	.....	37	269	76	269	.0	.0
Lumber, Timber, Box Shooks, Staves and Headings.....	581,669	567,623	444,642	476,699	1,026,311	1,044,322	20.0	17.0
Other Products of Forests.....	5,904	9,895	7,949	7,500	13,853	17,395	.3	.3
Totals	750,523	774,824	486,288	588,477	1,236,811	1,363,301	24.1	22.2
MANUFACTURES AND MISCELLANEOUS:								
Refined Petroleum.....	421,945	336,200	290,674	386,852	712,619	723,052	13.9	11.8
Vegetable Oils.....	3,302	2,145	8,029	7,796	11,331	9,941	.2	.2
Sugar, Syrup, Glucose and Molasses.....	1,323	741	52,346	63,639	53,669	64,380	1.0	1.0
Boats and Vessel Supplies.....	.....	6	10	10	10	16	.0	.0
Iron, Pig and Bloem.....	.....	104	2,578	2,992	2,578	3,096	.1	.0
Rails and Fastenings.....	5,011	7,237	5,709	6,587	10,720	13,824	.2	.2
Bar and Sheet Iron, Structural Iron and Iron Pipe.....	14,175	22,061	111,370	153,916	125,545	175,977	2.5	2.9
Other Metals, Pig, Bar and Sheet.....	350	470	19,790	20,453	20,140	20,923	.4	.3
Castings, Machinery and Boilers.....	4,256	7,729	13,396	22,882	17,652	30,611	.3	.5
Cement.....	701	2,451	25,956	44,298	26,657	46,749	.5	.8
Brick and Artificial Stone.....	26,850	42,520	19,409	25,368	46,259	67,888	.9	1.1
Lime and Plaster.....	1,406	2,334	2,107	2,376	3,513	4,710	.1	.1
Sewer Pipe and Drain Tile.....	4,478	9,279	1,113	2,554	5,591	11,833	.1	.2
Agricultural Implements and Vehicles, except automobiles.....	1,316	2,391	4,991	22,568	6,307	24,959	.1	.4
Automobiles and Auto Trucks.....	1,121	1,204	11,107	13,311	12,228	14,515	.2	.2
Household Goods and Second Hand Furniture.....	4,066	8,214	3,804	9,541	7,870	17,755	.2	.3
Furniture (New).....	705	674	4,259	6,846	4,964	7,520	.1	.1
Beverages.....	207	530	2,545	5,473	2,752	6,003	.1	.1
Ice.....	29,829	25,916	77	653	29,906	26,569	.6	.4
Fertilizers (All Kinds).....	4,101	13,097	1,644	5,530	5,745	18,627	.1	.3
Paper, Printed Matter and Books.....	226	1,270	5,278	16,055	5,504	17,325	.1	.3
Chemicals and Explosives.....	2,977	7,386	12,545	21,167	15,522	28,553	.3	.5
Textiles.....	106	153	4,176	1,604	4,282	1,757	.1	.0
Canned Goods (All Canned Food Products).....	2,101	2,789	16,001	20,309	18,102	23,098	.4	.4
Other Manufactures and Miscellaneous.....	116,123*	128,787	84,960	120,364	201,083	249,151	3.9	4.1
Totals	646,675	625,688	703,874	983,144	1,350,549	1,608,832	26.4	26.2
Merchandise—All L.C.L. Freight.....	80,262	112,132	32,398	49,042	112,660	161,174	2.2	2.6
GRAND TOTALS	2,805,593	3,075,597	2,316,503	3,059,290	5,122,096	6,135,187	100.0	100.0

*Chatts, classified under Other Products of Mines in 1920, classified under Other Manufactures and Miscellaneous in 1921

THE KANSAS CITY SOUTHERN RAILWAY COMPANY

TEXARKANA & FORT SMITH RAILWAY COMPANY

Comparative Statement of Train, Locomotive and Car Mileage for the Year Ended December 31, 1921

	1921	1920
Miles of Road Operated.....	841.64	841.64
TRAIN MILEAGE:		
Freight.....	2,117,420	2,457,135
Passenger.....	1,325,958	1,332,600
Mixed.....	19,055	26,361
Total Revenue Train Mileage.....	3,462,433	3,816,096
ADDITIONAL LOCOMOTIVE MILEAGE:		
Light and Helping Freight.....	171,930	197,787
Light and Helping Passenger.....	13,840	17,267
Light and Helping Mixed.....	3	12
Switching.....	982,345	1,228,144
Passenger—Nonrevenue.....	2,788	5,015
Work.....	80,555	112,214
Total Locomotive Mileage.....	4,713,894	5,376,535
CAR MILEAGE:		
Loaded Freight—North.....	29,525,561	33,107,393
Loaded Freight—South.....	26,795,409	31,870,130
Empty Freight—North.....	7,592,883	6,867,671
Empty Freight—South.....	14,744,146	14,805,485
Total Freight Car Mileage.....	78,657,999	86,650,679

THE KANSAS CITY SOUTHERN RAILWAY COMPANY
TEXARKANA & FORT SMITH RAILWAY COMPANY
Comparative Statement Showing Performance of Locomotives for the Year Ended
December 31, 1921

	1921	1920
LOCOMOTIVE MILEAGE:		
Freight.....	2,289,350	2,654,922
Passenger.....	1,339,798	1,349,867
Mixed.....	19,058	26,373
Total Revenue Locomotive Mileage.....	3,648,206	4,031,162
Switching.....	982,345	1,228,144
Passenger—Nonrevenue.....	2,788	5,015
Work.....	80,555	112,214
Total Locomotive Mileage.....	4,713,894	5,376,535
Cost of Repairs to Locomotives and Tenders.....	\$1,531,968.94	\$1,941,502.64
Per Mile run.....	.3250	.3611
Cost of Fuel used.....	\$2,327,968.99	\$2,861,834.59
Cost of Fuel Station Operation.....	63,772.27	74,205.38
Total Cost of Fuel per Mile run.....	.5074	.5461
Cost of Enginemen, Firemen and Roundhousemen.....	\$1,273,743.80	\$1,576,907.61
Per Mile run.....	.2702	.2933
Cost of Water Supply.....	\$ 119,803.71	\$ 113,463.75
Per Mile run.....	.0254	.0211
Cost of Lubricating Oil and Grease used.....	\$ 25,188.67	\$ 28,486.19
Per Mile run.....	.0054	.0053
Cost of Waste used.....	\$ 3,456.10	\$ 4,054.30
Per Mile run.....	.0007	.0007
Cost of Other Supplies.....	\$ 45,823.26	\$ 55,919.34
Per Mile run.....	.0097	.0104
Total Cost.....	\$5,391,725.74	\$6,656,373.80
Total Cost per Mile run.....	1.1438	1.2380
Tons of Coal used.....	192,742	220,630
Price per Ton.....	\$5.24	\$4.59
Barrels of Fuel Oil used.....	784,389	987,772
Price per Barrel.....	\$1.81	\$1.96
Miles Run per Ton of Coal used.....	11.86	11.13
Miles Run per Barrel of Oil used.....	3.10	2.96
Pints of Lubricating Oil and Grease used.....	322,808	371,986
Price per Pint.....	\$.0780	\$.0766
Miles Run per Pint of Lubricating Oil and Grease used.....	14.60	14.45
Miles Run per Pint of All Oils used.....	10.12	9.88
Pounds of Waste used.....	24,904	29,207
Price per Pound.....	\$.1388	\$.1388
Miles Run per Pound of Waste used.....	189.28	184.08

NOTE—Includes performance of Terminal Division locomotives and locomotives in work service.

THE KANSAS CITY SOUTHERN RAILWAY COMPANY

TEXARKANA & FORT SMITH RAILWAY COMPANY

Condensed Statement of Comparative Operating Results for the Year Ended December 31, 1921

	1921	1920
Mileage Operated.....	841.64	841.64
Number of Tons carried:		
Revenue freight.....	5,122,096	6,135,187
Company freight.....	607,815	662,495
Average Distance (Miles) each ton was carried:		
Revenue freight.....	303.30	272.97
Including Company freight.....	282.81	257.23
Number of Tons carried one mile:		
Revenue freight.....	1,553,508,601	1,674,717,315
Company freight.....	66,945,990	73,847,936
Number of Tons carried one mile per mile of road:		
Revenue freight.....	1,845,811	1,989,826
Including Company freight.....	1,925,354	2,077,569
Tons to each loaded car:		
Revenue freight.....	27.58	25.77
Including Company freight.....	28.77	26.91
Tons to each loaded and empty car:		
Revenue freight.....	19.75	19.33
Including Company freight.....	20.60	20.18
Cars to each train:		
Loaded.....	26.56	26.39
Empty.....	10.55	8.82
Train Load in tons:		
Revenue freight.....	729.97	674.34
Including Company freight.....	761.42	704.07
Gross Ton Miles—Freight.....	3,181,073,263	3,566,180,504
Per freight train mile.....	1,502.33	1,451.36
Per freight locomotive mile.....	1,389.51	1,343.23
Number of Passengers carried—Earning revenue.....	1,595,408	2,356,476
Average Distance (Miles) each passenger was carried.....	44.72	44.94
Number of Passengers carried one mile.....	71,358,404	105,907,985
Per mile of road.....	84,785	125,835
Freight Revenue.....	\$17,674,399.84	\$17,361,234.69
Per mile of road.....	20,999.95	20,627.86
Per revenue freight train mile.....	8.30488	6.99064
Per ton of freight.....	3.45062	2.82978
Per ton per mile.....	.01138	.01037
Passenger Revenue.....	\$ 2,477,395.17	\$ 3,225,909.22
Per passenger.....	1.55282	1.36895
Per passenger per mile.....	.03472	.03046
Freight and Passenger Revenue.....	\$20,151,795.01	\$20,587,143.91
Per mile of road.....	23,943.49	24,460.75
Passenger Service Train Revenue.....	\$ 3,090,647.30	\$ 4,058,503.93
Per mile of road.....	3,672.17	4,822.14
Per revenue passenger train mile.....	2.31963	2.98648
Gross Revenues from Operation.....	\$21,768,140.38	\$22,355,226.89
Per mile of road.....	25,863.96	26,561.51
Per revenue train mile.....	5.70430	5.85814
Maintenance of Way and Structures.....	\$ 3,033,548.17	\$ 3,004,631.86
Per mile of road.....	3,604.33	3,569.97
Per revenue train mile.....	.79494	.78736
Maintenance of Equipment.....	\$ 3,899,867.16	\$ 4,322,926.07
Per mile of road.....	4,633.65	5,136.31
Per revenue train mile.....	1.02195	1.13281
Traffic Expenses.....	\$ 519,999.95	\$ 469,948.67
Per mile of road.....	617.84	558.37
Per revenue train mile.....	.13626	.12315
Transportation Expenses.....	\$ 7,673,980.95	\$ 9,231,598.59
Per mile of road.....	9,117.89	10,968.59
Per revenue train mile.....	2.01095	2.41912
General Expenses.....	\$ 991,033.35	\$ 901,873.94
Per mile of road.....	1,177.50	1,071.57
Per revenue train mile.....	.25970	.23633
Transportation for Investment—Cr.....	\$ 14,437.37	\$ 19,313.92
Per mile of road.....	17.15	22.95
Per revenue train mile.....	.00378	.00506
Total Operating Expenses.....	\$16,103,992.21	\$17,911,665.21
Per mile of road.....	19,134.06	21,281.86
Per revenue train mile.....	4.22002	4.69371
Net Revenue from Operation.....	\$ 5,664,148.17	\$ 4,443,561.68
Per mile of road.....	6,729.90	5,279.65
Per revenue train mile.....	1.48428	1.16443
Ratio Operating Expenses to Gross Revenues.....	73.98%	80.12%
Ratio Operating Expenses and Taxes to Gross Revenues.....	78.91%	84.41%

THE ARKANSAS WESTERN RAILWAY COMPANY

Comparative General Balance Sheet, December 31, 1921

ASSETS	DECEMBER 31, 1921	DECEMBER 31, 1920	INCREASE	DECREASE
INVESTMENTS.				
Investment in Road and Equipment.....	\$1,285,291.76	\$1,279,413.20	\$ 5,878.56	
Miscellaneous Physical Property.....	167.00	132.00	35.00	
Total Investments.....	\$1,285,458.76	\$1,279,545.20	\$ 5,913.56	
CURRENT ASSETS.				
Cash.....	\$ 3,770.08	\$ 12,257.64		\$ 8,487.56
Traffic and Car-service Balances receivable.....	537.79	2,388.94		1,851.15
Net Balance receivable from Agents and Conductors.....	1,438.45	907.82	\$ 530.63	
Miscellaneous Accounts receivable.....	3,668.66	11,396.08		7,727.42
Material and Supplies.....	3,653.23	1,604.03	2,049.20	
Other Current Assets.....	112.69	104.49	8.20	
Total Current Assets.....	\$ 13,180.90	\$ 28,659.00		\$15,478.10
DEFERRED ASSETS.				
Other Deferred Assets:				
U. S. Government accounts.....	\$ 19,304.49	\$ 19,111.54	\$ 192.95	
UNADJUSTED DEBITS.				
Rents and Insurance Premiums paid in advance.....	\$ 3.48	\$ 13.02		\$ 9.54
Other Unadjusted Debits:				
U. S. Government—Income Guaranty.....	17,974.47	17,974.47		
Other accounts.....	3,506.25	8,738.19		5,231.94
Total Unadjusted Debits.....	\$ 21,484.20	\$ 26,725.68		\$ 5,241.48
Grand Totals.....	\$1,339,428.35	\$1,354,041.42		\$14,613.07

LIABILITIES	DECEMBER 31, 1921	DECEMBER 31, 1920	INCREASE	DECREASE
CAPITAL STOCK.....	\$ 650,000.00	\$ 650,000.00		
LONG-TERM DEBT.				
Funded Debt Unmatured:				
First Mortgage 30-Year 5 Per Cent. Bonds, due July 1, 1934.....	\$ 650,000.00	\$ 650,000.00		
Nonnegotiable Debt to Affiliated Companies:				
Notes—The Kansas City Southern Ry. Co.....	358,500.00	326,000.00	\$ 32,500.00	
Open Account—The Kansas City Southern Ry. Co.....	136,000.00	86,000.00	50,000.00	
Total Long-term Debt.....	\$1,144,500.00	\$1,062,000.00	\$ 82,500.00	
CURRENT LIABILITIES.				
Traffic and Car-service Balances payable.....	\$ 2,005.74	\$ 1,783.57	\$ 222.17	
Audited Accounts and Wages payable.....	21,042.76	9,901.49	11,141.27	
Miscellaneous Accounts payable.....	156.82	198.45		\$ 41.63
Unmatured Interest accrued—The Kansas City Southern Ry. Co.....	2,708.33	2,708.33		
Other Current Liabilities.....	404.61	696.67		292.06
Total Current Liabilities.....	\$ 26,318.26	\$ 15,288.51	\$ 11,029.75	
DEFERRED LIABILITIES.				
Other Deferred Liabilities:				
U. S. Government accounts.....	\$ 21,384.06	\$ 19,831.02	\$ 1,553.04	
UNADJUSTED CREDITS.				
Tax Liability.....	\$ 9,495.66	\$ 5,294.87	\$ 4,200.79	
Other Unadjusted Credits:				
U. S. Government—Accrued Standard Return.....	14,246.94	14,246.94		
Other accounts.....	3,070.37	2,678.61	391.76	
Total Unadjusted Credits.....	\$ 26,812.97	\$ 22,220.42	\$ 4,592.55	
Total Liabilities.....	\$1,869,015.29	\$1,769,339.95	\$ 99,675.34	
CORPORATE DEFICIT.				
Additions to Property through Income and Surplus.....	Cr. \$1,735.25		Cr. \$1,735.25	
Profit and Loss debit balance.....	531,322.19	\$ 415,298.53	116,023.66	
Total Corporate Deficit.....	\$ 529,586.94	\$ 415,298.53	\$114,288.41	
Grand Totals.....	\$1,339,428.35	\$1,354,041.42		\$14,613.07

The above Balance Sheet as at December 31, 1921, in our opinion correctly shows the financial position of The Arkansas Western Railway Company at that date as an individual Company, subject to such adjustment as may be required in the settlement of U. S. Government accounts, and is included in the Combined Balance Sheet of The Kansas City Southern Railway Company and its Subsidiary Companies.

134 SOUTH LA SALLE STREET,
CHICAGO, April 28, 1922.

PRICE, WATERHOUSE & CO.

THE ARKANSAS WESTERN RAILWAY COMPANY

Income Account for the Year Ended December 31, 1921

	1921	1920
OPERATING INCOME.		
Railway Operating Revenues	\$ 59,758.91	\$59,474.87
Railway Operating Expenses	112,082.38	63,485.30
Net Revenue from Railway Operations—Deficit.....	\$ 52,323.47	\$ 4,010.43
Railway Tax Accruals	\$ 12,064.52	\$ 6,250.00
Uncollectible Railway Revenues.....	114.20	
Total Tax Accruals and Uncollectible Revenues.....	\$ 12,178.72	\$ 6,250.00
Total Operating Income—Deficit.....	\$ 64,502.19	\$10,260.43
NONOPERATING INCOME.		
Income from Lease of Road		Dr. \$ 1,095.92
Miscellaneous Rent Income.....	\$ 90.00	66.84
Income from Unfunded Securities and Accounts.....	309.33	121.25
Miscellaneous Income:		
Revenues Prior to January 1, 1918	3.33	Dr. 9.27
Federal Guaranty of Income.....		17,974.47
Other Miscellaneous Income.....	1.00	
Total Nonoperating Income	\$ 403.66	\$17,057.37
Gross Income.....	\$ 64,098.53*	\$ 6,796.94
DEDUCTIONS FROM GROSS INCOME.		
Hire of Freight Cars—Debit Balance.....	\$ 4,215.64	\$ 3,298.44
Rent for Locomotives.....	9,012.96	5,993.12
Rent for Passenger-train Cars.....	6,336.00	2,930.00
Miscellaneous Tax Accruals.....		10.88
Interest on Funded Debt.....	32,500.00	32,500.00
Interest on Unfunded Debt.....	15.38	
Miscellaneous Income Charges:		
Expenses Prior to January 1, 1918.....	Cr. 28.53	Cr. 359.49
Total Deductions from Gross Income.....	\$ 52,051.45	\$44,372.95
Net Income—Deficit.....	\$116,149.98	\$37,576.01
*Deficit		

Profit and Loss Account for the Year Ended December 31, 1921

	DEBITS	CREDITS
Debit Balance at beginning of year.....	\$415,298.53	
Donations.....		\$ 1,463.08
Miscellaneous Credits.....		552.47
Surplus Appropriated for Investment in Physical Property.....	1,735.25	
Loss on Retired Road and Equipment.....	118.59	
Miscellaneous Debits	35.39	
Debit Balance transferred from Income	116,149.98	
Debit Balance carried to Balance Sheet		531,322.19
Totals	\$533,337.74	\$533,337.74

THE ARKANSAS WESTERN RAILWAY COMPANY
Statement of Revenues, Etc., Accrued Prior to January 1, 1918, and Credited by the United
States Railroad Administration to the Railway Company

RAILWAY OPERATING REVENUES.			
TRANSPORTATION—RAIL LINE:			
Freight.....	Dr. \$33.23		
Passenger.....	36.56		\$3.33
Total Revenues Prior to January 1, 1918.....			\$3.33

Statement of Expenses, Etc., Accrued Prior to January 1, 1918, and Charged by the United
States Railroad Administration to the Railway Company

RAILWAY OPERATING EXPENSES.			
MAINTENANCE OF WAY AND STRUCTURES:			
Crossings and Signs.....		Cr. \$45.28	
DEDUCTIONS FROM GROSS INCOME:			
Hire of Freight Cars—Debit balance			16.75
Total Expenses Prior to January 1, 1918.....		Cr. \$28.53	

THE ARKANSAS WESTERN RAILWAY COMPANY
Comparative Statement of Revenues and Expenses for the Year Ended December 31, 1921
(Includes Federal Lap-overs from January 1 to September 30, 1921)

	1921	1920
RAILWAY OPERATING REVENUES.		
TRANSPORTATION—RAIL LINE:		
Freight.....	\$ 40,970.37	\$48,021.11
Passenger.....	14,359.74	19,583.34
Excess Baggage.....	58.34	154.22
Mail.....	2,317.74	1,415.10
Express.....	1,381.68	2,351.99
Other Passenger-train.....	13.92	6.96
Special Service Train.....		112.00
INCIDENTAL.....	745.66	1,334.42
Total Railway Operating Revenues.....	\$ 59,847.45	\$72,979.14
RAILWAY OPERATING EXPENSES.		
MAINTENANCE OF WAY AND STRUCTURES:		
Superintendence.....	\$ 230.16	\$ 266.23
Roadway Maintenance.....	5,435.10	4,245.70
Bridges, Trestles and Culverts.....	3,649.85	2,206.25
Ties.....	15,183.03	14,160.56
Rails.....	Cr. 6.10	Cr. 1,038.92
Other Track Material.....	Cr. 522.11	297.48
Ballast.....	73.65	106.16
Track Laying and Surfacing.....	12,647.22	12,100.78
Right-of-way Fences.....	157.63	379.53
Crossings and Signs.....	413.77	982.47
Station and Office Buildings.....	334.04	229.37
Roadway Buildings.....	1.67	16.20
Water Stations.....		410.00
Shops and Enginehouses.....		19.81
Telegraph and Telephone Lines.....	61.42	41.55
Signals and Interlockers.....	.67	
Small Tools and Supplies.....	261.78	279.10
Removing Snow, Ice and Sand.....	146.77	8.46
Injuries to Persons.....	7.00	2.00
Insurance.....	64.00	59.69
Stationery and Printing.....		1.26
Other Expenses.....	1.84	16.16
Total Maintenance of Way and Structures.....	\$ 38,141.39	\$34,789.84
MAINTENANCE OF EQUIPMENT:		
Steam Locomotives—Repairs.....	\$ 2,504.33	\$ 4,132.74
Freight-train Cars—Repairs.....	294.71	
Passenger-train Cars—Repairs.....	737.78	404.07
Work Equipment—Repairs.....	48.24	
Injuries to Persons.....	Cr. 6.00	1.00
Insurance.....	.65	1.07
Stationery and Printing.....		1.27
Total Maintenance of Equipment.....	\$ 3,579.71	\$ 4,540.15

THE ARKANSAS WESTERN RAILWAY COMPANY
Comparative Statement of Revenues and Expenses for the Year Ended December 31, 1921
(Includes Federal Lap-overs from January 1 to September 30, 1921)

	1921	1920
RAILWAY OPERATING EXPENSES—Continued.		
TRAFFIC:		
Superintendence.....	\$ 540.86	\$ 540.21
Advertising.....	22.16	12.12
Traffic Associations.....	2.20	Cr. 2.54
Stationery and Printing.....	228.43	212.76
Total Traffic.....	\$ 793.65	\$ 762.55
TRANSPORTATION—RAIL LINE:		
Superintendence.....	\$ 340.85	\$ 342.17
Station Employes.....	5,406.50	6,979.27
Station Supplies and Expenses.....	440.56	334.14
Lubricants for Yard Locomotives.....	4.58	5.74
Enginehouse Expenses—Yard.....	224.84	842.54
Operating Joint Yards and Terminals—Dr.....	2,002.42	2,223.19
Train Enginemen.....	5,048.51	5,595.80
Fuel for Train Locomotives.....	8,311.13	9,371.24
Water for Train Locomotives.....	296.25	225.91
Lubricants for Train Locomotives.....	124.95	28.64
Enginehouse Expenses—Train.....	5,015.08	6,211.53
Trainmen.....	5,340.55	5,671.82
Train Supplies and Expenses.....	2,100.74	1,941.71
Telegraph and Telephone Operation.....	.50	
Stationery and Printing.....	356.79	623.77
Other Expenses.....	5.18	17.67
Insurance.....	63.95	13.25
Clearing Wrecks.....	47.96	182.53
Damage to Property.....		50.00
Damage to Live Stock on Right of Way.....	329.15	787.22
Loss and Damage—Freight.....	67.73	Cr. 24.27
Loss and Damage—Baggage.....		.78
Injuries to Persons.....	31,387.61	515.70
Total Transportation—Rail Line.....	\$ 66,915.83	\$41,946.35
GENERAL:		
Salaries and Expenses of General Officers.....	\$ 1,200.00	\$ 1,200.00
Salaries and Expenses of Clerks and Attendants.....	900.00	900.00
Law Expenses.....	1.50	
Insurance.....	10.62	13.07
Stationery and Printing.....	285.75	407.65
Other Expenses.....	74.20	54.80
Total General.....	\$ 2,472.07	\$ 2,575.52
TRANSPORTATION FOR INVESTMENT—Cr.....	\$.83	
Grand Total Railway Operating Expenses.....	\$111,901.82	\$84,608.41
Net Revenue from Railway Operations—Deficit.....	\$ 52,054.37	\$11,629.27
RAILWAY TAX ACCRUALS.....	\$ 12,064.52	\$ 7,666.75
UNCOLLECTIBLE RAILWAY REVENUES.....	132.02	88.16
Total Tax Accruals and Uncollectible Revenues.....	\$ 12,196.54	\$ 7,754.91
Total Operating Income—Deficit.....	\$ 64,250.91	\$19,384.18

THE ARKANSAS WESTERN RAILWAY COMPANY

Statement of Revenues, Etc., Accrued Prior to March 1, 1920, and Credited to the United States Railroad Administration from January 1 to September 30, 1921

(Included in Statement at Page 61)

RAILWAY OPERATING REVENUES.		
TRANSPORTATION—RAIL LINE:		
Freight.....	\$86.22	
Passenger.....	Dr. 28.54	
Other Passenger-train.....	1.51	\$59.19
INCIDENTAL.....		29.35
Total Revenues Prior to March 1, 1920.....		\$88.54

Statement of Revenues, Etc., Accrued Prior to March 1, 1920, and Credited to the United States Railroad Administration from October 1 to December 31, 1921

(Not Included in Statement at page 61)

RAILWAY OPERATING REVENUES.		
TRANSPORTATION—RAIL LINE:		
Freight.....	\$738.73	
Passenger.....	52.86	
Mail.....	726.92	\$1,518.51
Total Revenues Prior to March 1, 1920.....		\$1,518.51

THE ARKANSAS WESTERN RAILWAY COMPANY

Statement of Expenses, Etc., Accrued Prior to March 1, 1920, and Charged to the United States Railroad Administration from January 1 to September 30, 1921

(Included in Statement at page 61)

RAILWAY OPERATING EXPENSES.		
MAINTENANCE OF WAY AND STRUCTURES:		
Superintendence.....	Cr. \$ 7.64	
Roadway Maintenance.....	104.35	
Ties.....	54.68	
Other Track Material.....	.90	
Track Laying and Surfacing.....	Cr. 25.96	
Crossings and Signs.....	1.50	
Station and Office Buildings.....	Cr. 14.63	
Water Stations.....	Cr. 410.73	
Small Tools and Supplies.....	1.09	Cr. \$296.44
TRAFFIC:		
Superintendence.....		.54
TRANSPORTATION—RAIL LINE:		
Station Supplies and Expenses.....	Cr. \$ 3.98	
Operating Joint Yards and Terminals—Dr.....	126.50	
Stationery and Printing.....	Cr. 2.10	
Insurance.....	.08	
Damage to Live Stock on Right of Way.....	Cr. 5.16	115.34
UNCOLLECTIBLE RAILWAY REVENUES.....		17.82
Total Expenses Prior to March 1, 1920.....		Cr. \$162.74

Statement of Expenses, Etc., Accrued Prior to March 1, 1920, and Charged to the United States Railroad Administration from October 1 to December 31, 1921

(Not Included in Statement at page 61)

RAILWAY OPERATING EXPENSES.		
MAINTENANCE OF WAY AND STRUCTURES:		
Bridges, Trestles and Culverts.....	\$139.53	
Ties.....	4.32	
Rails.....	Cr. 175.91	
Other Track Material.....	Cr. 94.72	
Right-of-way Fences.....	50.74	
Crossings and Signs.....	.58	
Station and Office Buildings.....	.19	
Small Tools and Supplies.....	5.59	Cr. \$ 69.68
MAINTENANCE OF EQUIPMENT:		
Steam Locomotives—Repairs.....	Cr. \$176.38	
Passenger-train Cars—Repairs.....	Cr. 59.36	Cr. 235.74
TRANSPORTATION—RAIL LINE:		
Superintendence.....	Cr. \$ 3.33	
Station Supplies and Expenses.....	.35	
Train Supplies and Expenses.....	Cr. 101.53	Cr. 104.51
GENERAL:		
Law Expenses.....		.66
RAILWAY TAX ACCRUALS.....		1,039.55
UNCOLLECTIBLE RAILWAY REVENUES.....		14.00
Total Expenses Prior to March 1, 1920.....		\$ 644.28

THE POTEAU VALLEY RAILROAD COMPANY
Comparative General Balance Sheet, December 31, 1921

ASSETS	DECEMBER 31, 1921	DECEMBER 31, 1920	INCREASE	DECREASE
INVESTMENTS.				
Investment in Road and Equipment.....	\$103,918.10	\$103,450.42	\$ 467.68	
CURRENT ASSETS.				
Cash.....	\$ 3,184.04	\$ 3,514.53		\$330.49
Traffic and Car-service Balances receivable.....	1,693.57	1,763.67		70.10
Net Balance receivable from Agents and Conductors.....	115.31	175.87		60.56
Miscellaneous Accounts receivable.....	710.24	224.36	\$ 485.88	
Material and Supplies.....	801.53	457.54	343.99	
Other Current Assets.....		7.64		7.64
Total Current Assets.....	\$ 6,504.69	\$ 6,143.61	\$ 361.08	
DEFERRED ASSETS.				
Other Deferred Assets:				
U. S. Government accounts.....	\$ 2,663.63	\$ 2,847.05		\$183.42
UNADJUSTED DEBITS.				
Rents and Insurance Premiums paid in advance.....	\$ 1.02	\$ 5.44		\$ 4.42
Other Unadjusted Debits:				
U. S. Government—Income Guaranty.....	10,208.38	10,208.38		
Other accounts.....	1,853.66	2,631.90		778.24
Total Unadjusted Debits.....	\$ 12,063.06	\$ 12,845.72		\$782.66
Grand Totals.....	\$125,149.48	\$125,286.80		\$137.32

LIABILITIES	DECEMBER 31, 1921	DECEMBER 31, 1920	INCREASE	DECREASE
CAPITAL STOCK.....	\$100,800.00	\$100,800.00		
LONG-TERM DEBT.				
Nonnegotiable Debt to Affiliated Companies:				
Open Account—The Kansas City Southern Ry. Co.....	\$ 59,000.00	\$ 37,500.00	\$21,500.00	
CURRENT LIABILITIES.				
Traffic and Car-service Balances payable.....	\$ 337.76	\$ 864.18		\$526.42
Audited Accounts and Wages payable.....	8,722.16	5,418.55	\$ 3,303.61	
Other Current Liabilities.....	235.34	258.68		23.34
Total Current Liabilities.....	\$ 9,295.26	\$ 6,541.41	\$ 2,753.85	
DEFERRED LIABILITIES.				
Other Deferred Liabilities:				
U. S. Government accounts.....	\$ 11,892.32	\$ 11,365.84	\$ 526.48	
UNADJUSTED CREDITS.				
Tax Liability.....	\$ 1,548.60	\$ 1,500.00	\$ 48.60	
Accrued Depreciation—Equipment.....	191.62	157.30	34.32	
Other Unadjusted Credits:				
U. S. Government—Accrued Standard Return.....	7,003.08	7,003.08		
Other accounts.....	1,268.81	2,004.48		\$735.67
Total Unadjusted Credits.....	\$ 10,012.11	\$ 10,664.86		\$652.75
Total Liabilities.....	\$190,999.69	\$166,872.11	\$24,127.58	
CORPORATE DEFICIT.				
Profit and Loss debit balance.....	65,850.21	41,585.31	24,264.90	
Grand Totals.....	\$125,149.48	\$125,286.80		\$137.32

The above Balance Sheet as at December 31, 1921, in our opinion correctly shows the financial position of The Poteau Valley Railroad Company at that date as an individual Company, subject to such adjustment as may be required in the settlement of U. S. Government accounts, and is included in the Combined Balance Sheet of The Kansas City Southern Railway Company and its Subsidiary Companies.

134 SOUTH LA SALLE STREET,
CHICAGO, April 28, 1922.

PRICE, WATERHOUSE & CO.

THE POTEAU VALLEY RAILROAD COMPANY
Income Account for the Year Ended December 31, 1921

	1921	1920
OPERATING INCOME.		
Railway Operating Revenues.....	\$26,599.38	\$17,704.12
Railway Operating Expenses.....	31,361.26	23,917.80
Net Revenue from Railway Operations—Deficit.....	\$ 4,761.88	\$ 6,213.68
Railway Tax Accruals.....	\$ 1,438.87	\$ 1,500.00
Uncollectible Railway Revenues.....	.55	.....
Total Tax Accruals and Uncollectible Revenues.....	\$ 1,439.42	\$ 1,500.00
Total Operating Income—Deficit.....	\$ 6,201.30	\$ 7,713.68
NONOPERATING INCOME.		
Rent from Locomotives.....	\$ 25.00	.....
Income from Lease of Road.....	.....	Dr. \$ 538.70
Miscellaneous Rent Income.....	Dr. 272.00	116.00
Income from Unfunded Securities and Accounts.....	67.95	40.00
Miscellaneous Income:		
Federal Guaranty of Income.....	.....	10,208.38
Revenues Prior to January 1, 1918.....	Dr. 371.46	Dr. 18.90
Total Nonoperating Income.....	Dr. \$ 550.51	\$ 9,806.78
Gross Income.....	\$ 6,751.81*	\$ 2,093.10
DEDUCTIONS FROM GROSS INCOME.		
Hire of Freight Cars—Debit balance.....	\$ 5,243.00	\$ 3,139.10
Rent for Locomotives.....	11,456.28	7,955.75
Rent for Passenger-train Cars.....	64.00	.....
Interest on Unfunded Debt.....	.04	.....
Miscellaneous Income Charges:		
Expenses Prior to January 1, 1918.....	.....	276.55
Total Deductions from Gross Income.....	\$16,763.32	\$11,371.40
Net Income—Deficit.....	\$23,515.13	\$ 9,278.30

*Deficit

Profit and Loss Account for the Year Ended December 31, 1921

	DEBITS	CREDITS
Debit Balance at beginning of year.....	\$41,585.31	
Unrefundable Overcharges.....	3.92	
Miscellaneous Credits.....		\$ 4.15
Loss on Retired Road and Equipment.....	750.00	
Debit Balance transferred from Income.....	23,515.13	
Debit Balance carried to Balance Sheet.....		65,850.21
Totals.....	\$65,854.36	\$65,854.36

THE POTEAU VALLEY RAILROAD COMPANY

Statement of Revenues, Etc., Accrued Prior to January 1, 1918, and Credited by the United States Railroad Administration to the Railroad Company

RAILWAY OPERATING REVENUES.		
TRANSPORTATION—RAIL LINE:		
Freight.....	Dr. \$376.48	
Passenger.....	5.02	Dr. \$371.46
Total Revenues Prior to January 1, 1918.....		Dr. \$371.46

THE POTEAU VALLEY RAILROAD COMPANY

Comparative Statement of Revenues and Expenses for the Year Ended December 31, 1921 (Includes Federal Lap-overs from January 1 to September 30, 1921)

	1921	1920
RAILWAY OPERATING REVENUES.		
TRANSPORTATION—RAIL LINE:		
Freight.....	\$24,244.20	\$19,672.97
Passenger.....	1,870.06	1,973.06
Excess Baggage.....	5.46	2.77
Mail.....	397.68	74.97
Other Passenger-train.....	7.94	42.39
Other Freight-train.....	.30	.....
INCIDENTAL.....	4.60	19.92
Total Railway Operating Revenues.....	\$26,530.24	\$21,786.08
RAILWAY OPERATING EXPENSES.		
MAINTENANCE OF WAY AND STRUCTURES:		
Superintendence.....	\$ 416.60	\$ 450.94
Roadway Maintenance.....	880.63	947.05
Bridges, Trestles and Culverts.....	Cr. 252.34	16.55
Ties.....	2,903.27	1,815.67
Rails.....	40.78	186.79
Other Track Material.....	187.94	220.35
Ballast.....	69.47	155.10
Track Laying and Surfacing.....	3,674.21	3,579.26
Right-of-way Fences.....	1.33	7.85
Crossings and Signs.....	45.67	115.17
Station and Office Buildings.....	1,187.11	259.36
Roadway Buildings.....	5.55	5.28
Water Stations.....	12.11	18.28
Shops and Enginehouses.....	.....	1.59
Telegraph and Telephone Lines.....	89.35	198.82
Roadway Machines.....	27.45	.....
Small Tools and Supplies.....	110.22	544.76
Removing Snow, Ice and Sand.....	47.49	.....
Insurance.....	13.41	10.39
Other Expenses.....	.....	3.52
Total Maintenance of Way and Structures.....	\$ 9,460.25	\$ 8,536.73
MAINTENANCE OF EQUIPMENT:		
Superintendence.....	\$ 200.00	\$ 183.34
Steam Locomotives—Repairs.....	579.35	10.00
Freight-train Cars—Repairs.....	72.88	52.41
Passenger-train Cars—Repairs.....	1,474.48	28.53
Passenger-train Cars—Depreciation.....	34.32	34.32
Insurance.....	5.52	4.84
Total Maintenance of Equipment.....	\$ 2,366.55	\$ 313.44

THE POTEAU VALLEY RAILROAD COMPANY

Comparative Statement of Revenues and Expenses for the Year Ended December 31, 1921 (Includes Federal Lap-overs from January 1 to September 30, 1921)

	1921	1920
RAILWAY OPERATING EXPENSES—Continued.		
TRAFFIC:		
Advertising.....		\$ 89.80
Stationery and Printing.....	\$ 20.46	11.71
Total Traffic.....	\$ 20.46	\$ 101.51
TRANSPORTATION—RAIL LINE:		
Superintendence.....	\$ 222.20	\$ 236.66
Station Employees.....	1,145.04	1,369.64
Station Supplies and Expenses.....	18.35	25.70
Enginehouse Expenses—Yard.....	.74	
Train Enginemen.....	5,406.07	5,817.29
Fuel for Train Locomotives.....	4,574.77	3,667.67
Water for Train Locomotives.....	177.11	190.28
Lubricants for Train Locomotives.....	159.79	12.30
Other Supplies for Train Locomotives.....	.36	178.89
Enginehouse Expenses—Train.....	1,723.02	1,964.01
Trainmen.....	4,396.64	5,049.42
Train Supplies and Expenses.....	60.07	90.73
Stationery and Printing.....	154.32	54.78
Other Expenses.....		6.48
Insurance.....	28.38	2.00
Clearing Wrecks.....	193.43	186.05
Damage to Property.....	31.20	
Damage to Live Stock on Right of Way.....		189.04
Loss and Damage—Freight.....	85.21	3.25
Total Transportation—Rail Line.....	\$18,376.70	\$19,044.19
GENERAL:		
Salaries and Expenses of Clerks and Attendants.....	\$ 900.00	\$ 900.00
Law Expenses.....	7.85	Cr. 1.25
Insurance.....	8.60	10.00
Stationery and Printing.....	212.25	377.80
Other Expenses.....		37.62
Total General.....	\$ 1,128.70	\$ 1,324.17
Grand Total Railway Operating Expenses.....	\$31,352.66	\$29,320.04
Net Revenue from Railway Operations—Deficit.....	\$ 4,822.42	\$ 7,533.96
RAILWAY TAX ACCRUALS.....	\$ 1,438.87	\$ 2,408.93
UNCOLLECTIBLE RAILWAY REVENUES.....	.55	
Total Tax Accruals and Uncollectible Revenues.....	\$ 1,439.42	\$ 2,408.93
Total Operating Income—Deficit.....	\$ 6,261.84	\$ 9,942.89

THE POTEAU VALLEY RAILROAD COMPANY
Statement of Revenues, Etc., Accrued Prior to March 1, 1920, and Credited to the United
States Railroad Administration from January 1 to September 30, 1921
(Included in Statement at page 68)

RAILWAY OPERATING REVENUES.		
TRANSPORTATION—RAIL LINE:		
Freight.....	Dr. \$89.33	
Passenger.....	19.94	Dr. \$69.39
INCIDENTAL.....		.25
Total Revenues Prior to March 1, 1920.....		Dr. \$69.14

Statement of Revenues, Etc., Accrued Prior to March 1, 1920, and Credited to the United
States Railroad Administration from October 1 to December 31, 1921
(Not Included in Statement at page 68)

RAILWAY OPERATING REVENUES.		
TRANSPORTATION—RAIL LINE:		
Freight.....	\$21.10	
Passenger.....	1.47	\$ 22.57
INCIDENTAL.....		208.00
Total Revenues Prior to March 1, 1920.....		\$230.57

THE POTEAU VALLEY RAILROAD COMPANY

Statement of Expenses, Etc., Accrued Prior to March 1, 1920, and Charged to the United States Railroad Administration from January 1 to September 30, 1921

(Included in Statement at page 68)

RAILWAY OPERATING EXPENSES.		
MAINTENANCE OF WAY AND STRUCTURES:		
Superintendence	\$.18	
Track Laying and Surfacing	40.00	\$40.18
TRAFFIC:		
Stationery and Printing		Cr. 20.48
TRANSPORTATION—RAIL LINE:		
Train Enginemen	\$ 5.50	
Damage to Property	Cr. 8.80	
Damage to Live Stock on Right of Way	Cr. 25.00	Cr. 28.30
Total Expenses Prior to March 1, 1920		Cr. \$ 8.60

Statement of Expenses, Etc., Accrued Prior to March 1, 1920, and Charged to the United States Railroad Administration from October 1 to December 31, 1921

(Not Included in Statement at page 68)

RAILWAY OPERATING EXPENSES.		
MAINTENANCE OF WAY AND STRUCTURES:		
Track Laying and Surfacing	Cr. \$ 40.00	
Rails	144.95	
Other Track Material	98.50	
Small Tools and Supplies .....	.65	\$204.10
TRANSPORTATION—RAIL LINE:		
Superintendence	Cr. \$ 14.80	
Station Supplies and Expenses	5.39	
Lubricants for Train Locomotives	4.21	
Other Supplies for Train Locomotives	1.03	
Train Supplies and Expenses	3.04	Cr. 1.18
Total Expenses Prior to March 1, 1920		\$202.97

THE KANSAS CITY, SHREVEPORT & GULF TERMINAL COMPANY

Comparative General Balance Sheet, December 31, 1921

ASSETS	DECEMBER 31, 1921	DECEMBER 31, 1920	INCREASE	DECREASE
INVESTMENTS.				
Investment in Road and Equipment.....	\$581,277.92	\$363,963.19	\$217,314.73	
Miscellaneous Physical Property.....		106,608.44		\$106,608.44
Total Investments.....	\$581,277.92	\$470,571.63	\$110,706.29	
CURRENT ASSETS.				
Cash.....	\$ 33,001.57	\$ 12,638.49	\$ 20,363.08	
Special Deposits.....	180.00	173.00	7.00	
Miscellaneous Accounts receivable.....	16,867.39	44,077.10		\$ 27,209.71
Rents receivable.....	2,500.00	2,500.00		
Total Current Assets.....	\$ 52,548.96	\$ 59,388.59		\$ 6,839.63
DEFERRED ASSETS.				
Other Deferred Assets:				
U. S. Government accounts.....	\$ 5,902.33	\$ 5,902.33		
UNADJUSTED DEBITS.				
Rents and Insurance Premiums paid in advance.....	\$ 1,353.45	\$ 108.46	\$ 1,244.99	
Other Unadjusted Debits:				
U. S. Government—Accrued Standard Return.....	13,031.78	13,031.78		
Other accounts.....	3,685.24	4,244.83		\$ 559.59
Total Unadjusted Debits.....	\$ 18,070.47	\$ 17,385.07	\$ 685.40	
Grand Totals.....	\$657,799.68	\$553,247.62	\$104,552.06	

LIABILITIES	DECEMBER 31, 1921	DECEMBER 31, 1920	INCREASE	DECREASE
CAPITAL STOCK.....	\$150,000.00	\$150,000.00		
LONG TERM DEBT:				
Funded Debt Unmatured:				
First Mortgage 30-Year 4 Per Cent. Gold Bonds, due August 1, 1927.....	\$150,000.00	\$150,000.00		
Nonnegotiable Debt to Affiliated Companies:				
Open Account—The Kansas City Southern Ry. Co.....	298,877.50	174,350.00	\$124,527.50	
Total Long-term Debt.....	\$448,877.50	\$324,350.00	\$124,527.50	
CURRENT LIABILITIES.				
Audited Accounts and Wages payable.....	\$ 11,370.16	\$ 38,929.77		\$ 27,559.61
Miscellaneous Accounts payable.....	1,554.95	2.00	\$ 1,552.95	
Interest Matured unpaid.....	180.00	173.00	7.00	
Unmatured Interest accrued.....	2,500.00	2,500.00		
Other Current Liabilities.....	149.84	300.47		150.63
Total Current Liabilities.....	\$ 15,754.95	\$ 41,905.24		\$ 26,150.29
DEFERRED LIABILITIES.				
Other Deferred Liabilities:				
U. S. Government accounts.....	\$ 13,839.29	\$ 13,504.93	\$ 334.36	
UNADJUSTED CREDITS.				
Other Unadjusted Credits.....	\$ 2,556.76	\$ 1,213.51	\$ 1,343.25	
CORPORATE SURPLUS.				
Additions to Property through Income and Surplus.....	\$ 139.94		\$ 139.94	
Profit and Loss credit balance.....	26,631.24	\$ 22,273.94	4,357.30	
Total Corporate Surplus.....	\$ 26,771.18	\$ 22,273.94	\$ 4,497.24	
Grand Totals.....	\$657,799.68	\$553,247.62	\$104,552.06	

The above Balance Sheet as at December 31, 1921, in our opinion correctly shows the financial position of The Kansas City, Shreveport & Gulf Terminal Company at that date as an individual Company, subject to such adjustment as may be required in the settlement of U. S. Government accounts, and is included in the Combined Balance Sheet of The Kansas City Southern Railway Company and its Subsidiary Companies.

134 SOUTH LA SALLE STREET,
CHICAGO, April 28, 1922.

PRICE, WATERHOUSE & CO.

THE KANSAS CITY, SHREVEPORT & GULF TERMINAL COMPANY

Income Account for the Year Ended December 31, 1921

	1921	1920
OPERATING INCOME.		
Railway Tax Accruals.....	\$ 5,235.07	\$ 3,013.81
Total Operating Income—Deficit.....	\$ 5,235.07	\$ 3,013.81
NONOPERATING INCOME.		
Joint Facility Rent Income.....	\$10,150.68	\$ 8,609.49
Income from Lease of Road.....		1,002.46
Miscellaneous Rent Income.....	2,159.66	812.00
Miscellaneous Nonoperating Physical Property.....		Dr. 266.79
Income from Unfunded Securities and Accounts.....	4,373.77	148.36
Total Nonoperating Income.....	\$16,684.11	\$10,305.52
Gross Income.....	\$11,449.04	\$ 7,291.71
DEDUCTIONS FROM GROSS INCOME.		
Miscellaneous Tax Accruals.....	Cr. \$ 49.51	\$ 2,285.19
Interest on Funded Debt.....	6,000.00	6,000.00
Miscellaneous Income Charges:		
Expenses Prior to January 1, 1918.....	269.10	
Total Deductions from Gross Income.....	\$ 6,219.59	\$ 8,285.19
Net Income.....	\$ 5,229.45	\$ 993.48*

*Deficit

Profit and Loss Account for the Year Ended December 31, 1921

	DEBITS	CREDITS
Credit Balance at beginning of year.....		\$22,273.94
Credit Balance transferred from Income.....		5,229.45
Donations.....		139.94
Miscellaneous Credits.....		19.43
Surplus Appropriated for Investment in Physical Property.....	\$ 139.94	
Loss on Retired Road and Equipment.....	885.21	
Miscellaneous Debits.....	6.37	
Credit Balance carried to Balance Sheet.....	26,631.24	
Totals.....	\$27,662.76	\$27,662.76

THE KANSAS CITY, SHREVEPORT & GULF TERMINAL COMPANY
Statement of Expenses, Etc., Accrued Prior to January 1, 1918, and Charged by the United
States Railroad Administration to the Terminal Company

RAILWAY OPERATING EXPENSES.		
TRANSPORTATION—RAIL LINE:		
Station Supplies and Expenses.....	.....	\$269.10
Total Expenses Prior to January 1, 1918.....	.....	\$269.10

THE KANSAS CITY, SHREVEPORT & GULF TERMINAL COMPANY
Comparative Statement of Revenues and Expenses for the Year Ended December 31, 1921
(Includes Federal Lap-overs from January 1 to September 30, 1921)

	1921	1920
RAILWAY OPERATING REVENUES.		
INCIDENTAL:		
Station, Train and Boat Privileges.....	\$ 1,412.78	\$ 1,493.05
Storage—Baggage.....	2,717.43	2,984.72
Rents of Buildings and Other Property.....	390.00	780.00
Miscellaneous.....		30.08
JOINT FACILITY.....	Dr. 4,520.21	Dr. 4,295.32
Total Railway Operating Revenues.....		\$ 992.53
RAILWAY OPERATING EXPENSES.		
MAINTENANCE OF WAY AND STRUCTURES:		
Superintendence.....	\$ 1,441.49	\$ 929.55
Roadway Maintenance.....	3,694.11	3,721.28
Ties.....	2,292.46	557.85
Rails.....	16.07	78.63
Other Track Material.....	1,157.93	243.25
Ballast.....		28.08
Track Laying and Surfacing.....	5,405.27	2,217.98
Crossings and Signs.....	126.29	334.86
Station and Office Buildings.....	28,056.62	14,172.04
Roadway Buildings.....	59.13	
Shops and Enginehouses.....	588.09	
Telegraph and Telephone Lines.....	556.18	
Paving.....		20.26
Insurance.....	1,076.39	542.33
Maintaining Joint Tracks, Yards and Other Facilities—Dr.....		95.68
Maintaining Joint Tracks, Yards and Other Facilities—Cr.....	44,343.90	22,255.36
Total Maintenance of Way and Structures.....	\$ 126.13	\$ 686.41
TRANSPORTATION—RAIL LINE:		
Superintendence.....	\$ 286.44	\$ 283.12
Station Employees.....	55,384.52	61,862.11
Station Supplies and Expenses.....	6,444.40	9,301.46
Yard Switch and Signal Tenders.....	70.02	136.38
Operating Joint Yards and Terminals—Cr.....	62,425.02	65,492.70
Stationery and Printing.....	20.64	41.50
Other Expenses.....	17.18	
Insurance.....	117.82	117.06
Damage to Property.....	Cr. 15.00	30.00
Loss and Damage—Baggage.....	374.00	460.80
Total Transportation—Rail Line.....	\$ 275.00	\$ 6,739.73
GENERAL:		
Salaries and Expenses of Clerks and Attendants.....	\$ 900.00	\$ 900.00
Law Expenses.....	14.75	5.00
Insurance.....	6.20	10.50
Stationery and Printing.....	131.65	225.04
Other Expenses.....	53.00	56.48
General Joint Facilities—Cr.....	1,105.60	1,113.37
Total General.....		\$ 83.65
Grand Total Railway Operating Expenses.....	\$ 401.13	\$ 7,509.79
Net Revenue from Railway Operations—Deficit.....	\$ 401.13	\$ 6,517.26
RAILWAY TAX ACCRUALS.....	\$ 5,559.28	\$ 4,509.61
Total Operating Income—Deficit.....	\$ 5,960.41	\$11,026.87

THE KANSAS CITY, SHREVEPORT & GULF TERMINAL COMPANY
Statement of Expenses, Etc., Accrued Prior to March 1, 1920, and Charged to the United
States Railroad Administration from January 1 to September 30, 1921

(Included in Statement at page 75)

RAILWAY OPERATING EXPENSES.		
MAINTENANCE OF WAY AND STRUCTURES:		
Superintendence.....	\$ 15.13	
Station and Office Buildings.....	111.00	\$126.13
TRANSPORTATION—RAIL LINE:		
Station Employees.....	\$ 10.00	
Yard Switch and Signal Tenders.....	Cr. 10.00	
Loss and Damage—Baggage.....	275.00	275.00
RAILWAY TAX ACCRUALS		324.21
Total Expenses Prior to March 1, 1920		\$725.34

Statement of Expenses, Etc., Accrued Prior to March 1, 1920, and Charged to the United
States Railroad Administration from October 1 to December 31, 1921

(Not Included in Statement at page 75)

RAILWAY OPERATING EXPENSES.		
MAINTENANCE OF WAY AND STRUCTURES:		
Superintendence.....	Cr. \$ 5.24	
Station and Office Buildings.....	95.14	\$89.90
GENERAL:		
Other Expenses.....		Cr. 1.83
Total Expenses Prior to March 1, 1920		\$88.07

PORT ARTHUR CANAL & DOCK COMPANY

Comparative General Balance Sheet, December 31, 1921

ASSETS	DECEMBER 31, 1921	DECEMBER 31, 1920	INCREASE	DECREASE
INVESTMENTS.				
Property Investment.....	\$3,031,099.10	\$3,004,185.36	\$ 26,913.74	
CURRENT ASSETS.				
Cash.....	\$ 29,772.80	\$ 17,202.96	\$ 12,569.84	
Net Balance receivable from Agents.....	7,199.59	25,792.32		\$18,592.73
Miscellaneous Accounts receivable.....	31,995.41	4,761.90	27,233.51	
Material and Supplies.....	16,128.22	40,468.55		24,340.33
Total Current Assets.....	\$ 85,096.02	\$ 88,225.73		\$ 3,129.71
DEFERRED ASSETS.				
Other Deferred Assets:				
U. S. Government accounts.....	\$ 15,812.78	\$ 15,745.71	\$ 67.07	
Other accounts.....	164.48	164.48		
Total Deferred Assets.....	\$ 15,977.26	\$ 15,910.19	\$ 67.07	
UNADJUSTED DEBITS.				
Insurance Premiums paid in advance.....	\$ 11,329.99	\$ 8,970.29	\$ 2,359.70	
Other Unadjusted Debits:				
U. S. Government—Income Guaranty.....	26,832.16	26,832.16		
Other accounts.....	7,992.29	3,911.09	4,081.20	
Total Unadjusted Debits.....	\$ 46,154.44	\$ 39,713.54	\$ 6,440.90	
Grand Totals.....	\$3,178,326.82	\$3,148,034.82	\$ 30,292.00	

LIABILITIES	DECEMBER 31, 1921	DECEMBER 31, 1920	INCREASE	DECREASE
CAPITAL STOCK.....	\$1,000,000.00	\$1,000,000.00		
LONG-TERM DEBT.				
Fund Debt Unmatured:				
First Mortgage 5 Per Cent. Gold Bonds, due August 1, 1956.....	\$1,000,000.00	\$1,000,000.00		
Receiver's Certificates.....	69,529.05	69,529.05		
Nonnegotiable Debt to Affiliated Companies:				
Notes—The Kansas City Southern Ry. Co.....	833,333.33	783,333.33	\$ 50,000.00	
Open Account—the Kansas City Southern Ry. Co.....	1,269,583.36	1,134,583.36	135,000.00	
Total Long-Term Debt.....	\$3,172,445.74	\$2,987,445.74	\$185,000.00	
CURRENT LIABILITIES.				
Audited Accounts and Wages payable.....	\$ 23,276.27	\$ 23,197.06	\$ 79.21	
Miscellaneous Accounts payable.....	2,557.28	337.87	2,219.41	
Unmatured Interest accrued—The Kansas City Southern Ry. Co.....	20,833.33	20,833.33		
Total Current Liabilities.....	\$ 46,666.88	\$ 44,368.26	\$ 2,298.62	
DEFERRED LIABILITIES.				
Other Deferred Liabilities:				
U. S. Government accounts.....	\$ 69,461.99	\$ 71,419.52		\$ 1,957.53
Other accounts.....	12,228.75		\$ 12,228.75	
Total Deferred Liabilities.....	\$ 81,690.74	\$ 71,419.52	\$ 10,271.22	
UNADJUSTED CREDITS.				
Tax Liability.....		\$ 10,563.32		\$10,563.32
Other Unadjusted Credits:				
U. S. Government—Accrued Standard Return.....	\$ 78,107.12	78,107.12		
Other accounts.....	5,917.75	18,344.04		12,426.29
Total Unadjusted Credits.....	\$ 84,024.87	\$ 107,014.48		\$22,989.61
Total Liabilities.....	\$4,384,828.23	\$4,210,248.00	\$174,580.23	
CORPORATE DEFICIT.				
Additions to Property through Income and Surplus.....	Cr. \$ 108.00		Cr. \$ 108.00	
Profit and Loss debit balance.....	1,206,609.41	\$1,062,213.18	144,396.23	
Total Corporate Deficit.....	\$1,206,501.41	\$1,062,213.18	\$144,288.23	
Grand Totals.....	\$3,178,326.82	\$3,148,034.82	\$ 30,292.00	

The above Balance Sheet as at December 31, 1921, in our opinion correctly shows the financial position of the Port Arthur Canal & Dock Company at that date as an individual Company, subject to such adjustment as may be required in the settlement of U. S. Government accounts, and is included in the Combined Balance Sheet of The Kansas City Southern Railway Company and its Subsidiary Companies.

134 SOUTH LA SALLE STREET,
CHICAGO, April 28, 1922.

PRICE, WATERHOUSE & CO.

PORT ARTHUR CANAL & DOCK COMPANY
Income Account for the Year Ended December 31, 1921

	1921	1920
OPERATING INCOME.		
Operating Revenues.....	\$ 95,476.45	\$ 29,383.12
Operating Expenses.....	178,083.20	114,433.99
Net Revenue from Operations—Deficit.....	\$ 82,606.75	\$ 85,050.87
Tax Accruals.....	\$ 13,915.53	\$ 15,000.00
Total Operating Income—Deficit	\$ 96,522.28	\$100,050.87
NONOPERATING INCOME.		
Income from Lease of Road.....		Dr. \$ 6,008.24
Miscellaneous Rent Income.....	\$ 1,256.73	1,865.73
Income from Unfunded Securities and Accounts.....	791.70	179.90
Miscellaneous Income:		
Federal Guaranty of Income.....		26,832.16
Revenues Prior to January 1, 1918.....	66.87	
Total Nonoperating Income.....	\$ 2,115.30	\$ 22,869.55
Gross Income—Deficit.....	\$ 94,406.98	\$ 77,181.32
DEDUCTIONS FROM GROSS INCOME.		
Interest on Funded Debt.....	\$ 50,000.00	\$ 50,000.00
Interest on Unfunded Debt.....		1,368.03
Miscellaneous Income Charges:		
Expenses Prior to January 1, 1918.....	62.65	252.87
Total Deductions from Gross Income.....	\$ 50,062.65	\$ 51,620.90
Net Income—Deficit.....	\$144,469.63	\$128,802.22

Profit and Loss Account for the Year Ended December 31, 1921

	DEBITS	CREDITS
Debit Balance at beginning of year.....	\$1,062,213.18	
Donations.....		\$ 108.00
Miscellaneous Credits.....		73.74
Surplus Appropriated for Investment in Physical Property.....	108.00	
Miscellaneous Debits.....	.34	
Debit Balance transferred from Income.....	144,469.63	
Debit Balance carried to Balance Sheet.....		1,206,609.41
Totals.....	\$1,206,791.15	\$1,206,791.15

PORT ARTHUR CANAL & DOCK COMPANY

Statement of Revenues, Etc., Accrued Prior to January 1, 1918, and Credited by the United States Railroad Administration to the Canal & Dock Company

OPERATING REVENUES.		
INCIDENTAL:		
Miscellaneous.....		\$66.87
Total Revenues Prior to January 1, 1918.....		\$66.87

Statement of Expenses, Etc., Accrued Prior to January 1, 1918, and Charged by the United States Railroad Administration to the Canal & Dock Company

OPERATING EXPENSES.		
MAINTENANCE OF WAY AND STRUCTURES:		
Superintendence.....	\$ 2.70	
Wharves and Docks.....	1.81	
Insurance.....	58.14	\$62.65
Total Expenses Prior to January 1, 1918.....		\$62.65

PORT ARTHUR CANAL & DOCK COMPANY
Comparative Statement of Revenues and Expenses for the Year Ended December 31, 1921
(Includes Federal Lap-overs from January 1 to September 30, 1921)

	1921	1920
OPERATING REVENUES.		
INCIDENTAL:		
Grain Elevator.....	\$ 67,517.48	\$ 19,511.97
Rents of Buildings and Other Property.....	3,000.00	3,000.00
Miscellaneous.....	24,957.47	12,424.12
Total Operating Revenues.....	\$ 95,474.95	\$ 34,936.09
OPERATING EXPENSES.		
MAINTENANCE OF WAY AND STRUCTURES:		
Superintendence.....	\$ 1,422.95	\$ 1,258.32
Station and Office Buildings.....	35,405.21	11,479.64
Grain Elevators.....	11,131.66	7,979.67
Wharves and Docks.....	49,946.75	24,478.06
Coal and Ore Wharves.....	3,600.60	2,359.10
Roadway Machines.....	64.80	
Small Tools and Supplies.....	736.66	Cr. 40.63
Injuries to Persons.....	3.00	
Insurance.....	33,610.94	17,227.31
Total Maintenance of Way and Structures.....	\$135,922.57	\$ 64,741.47
TRANSPORTATION:		
Superintendence.....	\$ 5,481.64	\$ 3,076.70
Station Employees.....	12,181.58	20,214.17
Station Supplies and Expenses.....	973.31	1,801.45
Stationery and Printing.....	95.68	166.29
Other Expenses.....	5.00	
Insurance.....	Cr. 21,161.94	22,512.54
Loss and Damage—Freight.....	305.46	
Injuries to Persons.....	2,111.05	2.00
Total Transportation.....	Cr. \$ 8.22	\$ 47,773.15
MISCELLANEOUS OPERATIONS:		
Grain Elevators.....	\$ 41,660.06	\$ 22,372.34
GENERAL:		
Law Expenses.....	\$ 875.00	
Insurance.....	4.60	\$ 6.00
Stationery and Printing.....	193.40	202.60
Other Expenses.....	41.50	26.25
Total General.....	\$ 1,114.50	\$ 234.85
Grand Total Operating Expenses.....	\$178,688.91	\$135,121.81
Net Revenue from Operations—Deficit.....	\$ 83,213.96	\$100,185.72
TAX ACCRUALS.....	\$ 13,915.53	\$ 18,962.33
Total Operating Income—Deficit.....	\$ 97,129.49	\$119,148.05

PORT ARTHUR CANAL & DOCK COMPANY

Statement of Revenues, Etc., Accrued Prior to March 1, 1920, and Credited to the United States Railroad Administration from January 1 to September 30, 1921

(Included in Statement at page 80)

OPERATING REVENUES.		
INCIDENTAL:		
Miscellaneous	Dr.	\$1.50
Total Revenues Prior to March 1, 1920	Dr.	\$1.50

Statement of Expenses, Etc., Accrued Prior to March 1, 1920, and Charged to the United States Railroad Administration from January 1 to September 30, 1921

(Included in Statement at page 80)

OPERATING EXPENSES.		
MAINTENANCE OF WAY AND STRUCTURES:		
Superintendence	\$ 12.24	
Station and Office Buildings	Cr. 10.60	
Grain Elevators	69.52	
Wharves and Docks	Cr. 306.98	Cr. \$235.82
TRANSPORTATION:		
Superintendence	Cr. \$113.00	
Station Employees	Cr. 58.33	
Station Supplies and Expenses	16.16	Cr. 155.17
MISCELLANEOUS OPERATIONS:		
Grain Elevators		107.70
GENERAL:		
Law Expenses	\$875.00	
Stationery and Printing	14.00	889.00
Total Expenses Prior to March 1, 1920		\$605.71

Statement of Expenses, Etc., Accrued Prior to March 1, 1920, and Charged to the United States Railroad Administration from October 1 to December 31, 1921

(Not Included in Statement at page 80)

OPERATING EXPENSES.		
MAINTENANCE OF WAY AND STRUCTURES:		
Superintendence	Cr. \$ 11.66	
Station and Office Buildings	66.71	
Grain Elevators	23.26	
Wharves and Docks	1,525.34	\$1,603.65
TRANSPORTATION:		
Station Supplies and Expenses		3.84
TAX ACCRUALS		Cr. 447.85
Total Expenses Prior to March 1, 1920		\$1,159.64

THE K. C. S. ELEVATOR COMPANY
Comparative General Balance Sheet, December 31, 1921

ASSETS	DECEMBER 31, 1921	DECEMBER 31, 1920	INCREASE	DECREASE
INVESTMENTS.				
Property Investment.....	\$ 63,192.27	\$ 61,863.46	\$ 1,328.81	
CURRENT ASSETS.				
Cash.....	\$ 328.95	\$ 3,481.10		\$3,152.15
Miscellaneous Accounts receivable.....	2,532.95	351.46	\$ 2,181.49	
Total Current Assets.....	\$ 2,861.90	\$ 3,832.56		\$ 970.66
UNADJUSTED DEBITS.				
Rents and Insurance Premiums paid in advance.....	\$ 1,237.91	\$ 847.39	\$ 390.52	
Other Unadjusted Debits.....	32.05	32.05		
Total Unadjusted Debits.....	\$ 1,269.96	\$ 879.44	\$ 390.52	
Grand Totals.....	\$ 67,324.13	\$ 66,575.46	\$ 748.67	

LIABILITIES	DECEMBER 31, 1921	DECEMBER 31, 1920	INCREASE	DECREASE
CAPITAL STOCK.....	\$ 25,000.00	\$ 25,000.00		
LONG-TERM DEBT.				
Nonnegotiable Debt to Affiliated Companies: Open Account—The Kansas City Southern Ry. Co.....	\$103,544.03	\$ 96,044.03	\$ 7,500.00	
CURRENT LIABILITIES.				
Audited Accounts and Wages payable.....	\$ 5,165.69	\$ 33.88	\$ 5,131.81	
Miscellaneous Accounts payable.....	147.17	489.63		\$ 342.46
Total Current Liabilities.....	\$ 5,312.86	\$ 523.51	\$ 4,789.35	
UNADJUSTED CREDITS.				
Tax Liability.....	\$ 1,517.46	\$ 388.76	\$ 1,128.70	
Other Unadjusted Credits.....	1,250.00	1,250.00		
Total Unadjusted Credits.....	\$ 2,767.46	\$ 1,638.76	\$ 1,128.70	
Total Liabilities.....	\$136,624.35	\$123,206.30	\$13,418.05	
CORPORATE DEFICIT.				
Profit and Loss debit balance.....	69,300.22	56,630.84	12,669.38	
Grand Totals.....	\$ 67,324.13	\$ 66,575.46	\$ 748.67	

The above Balance Sheet as at December 31, 1921, in our opinion correctly shows the financial position of The K. C. S. Elevator Company at that date as an individual Company, and is included in the Combined Balance Sheet of The Kansas City Southern Railway Company and its Subsidiary Companies.

134 SOUTH LA SALLE STREET,
CHICAGO, April 28, 1922.

PRICE, WATERHOUSE & CO.

THE K. C. S. ELEVATOR COMPANY
Comparative Statement of Revenues, Expenses and Income for the Year Ended
December 31, 1921

	1921	1920
OPERATING REVENUES.		
INCIDENTAL:		
Grain Elevator.		
Rental.....	\$ 7,500.00	\$7,500.00
Total Operating Revenues.....	\$ 7,500.00	\$7,500.00
OPERATING EXPENSES.		
MAINTENANCE:		
Grain Elevators.		
Superintendence.....		\$ 8.87
Repairs to Buildings.....	\$ 4,157.58	35.90
Repairs to Machinery.....	8,363.61	1,401.61
Insurance.....	5,381.81	4,683.62
Total Maintenance.....	\$17,903.00	\$6,130.00
MISCELLANEOUS OPERATIONS:		
Grain Elevators.		
Oil and Waste.....		\$ 26.00
Stationery and Printing.....		5.10
Total Miscellaneous Operations.....		\$ 31.10
Grand Total Operating Expenses.....	\$17,903.00	\$6,161.10
Net Revenue from Operations.....	\$10,409.00*	\$1,338.90
TAX ACCRUALS	2,302.93	1,676.59
Total Operating Income—Deficit.....	\$12,705.93	\$ 337.69
NONOPERATING INCOME.		
Income from Unfunded Securities and Accounts.....	\$ 36.55	\$ 120.45
Gross Income—Deficit.....	\$12,669.38	\$ 217.24
Net Income—Deficit.....	\$12,669.38	\$ 217.24
*Deficit		
Profit and Loss Account for the Year Ended December 31, 1921		
	DEBITS	CREDITS
Debit Balance at beginning of year.....	\$56,630.84	
Debit Balance transferred from Income.....	12,669.38	
Debit Balance carried to Balance Sheet.....		\$69,300.22
Totals.....	\$69,300.22	\$69,300.22

**THE KANSAS CITY SOUTHERN RAILWAY COMPANY
AND ITS SUBSIDIARY COMPANIES**

Combined Balance Sheet, December 31, 1921

ASSETS		
INVESTMENTS.		
Investment in Road and Equipment.....	\$103,981,907.91	
Deposit in lieu of Mortgaged Property sold.....	38,370.66	
Miscellaneous Physical Property.....	5,523,114.45	
Investments in Affiliated Companies:		
Stocks.....	\$ 193,333.33	
Notes.....	18,664.90	
Advances.....	65,189.77	277,188.00
Other Investments:		
Stocks.....	\$ 13,535.18	
Bonds.....	21,498.72	
Notes.....	25,227.20	
Miscellaneous.....	46,709.30	106,970.40
Total Investments.....		\$109,927,551.42
CURRENT ASSETS.		
Cash.....	\$ 1,978,791.85	
Special Deposits.....	1,041,895.06	
Loans and Bills receivable.....	10,303.74	
Traffic and Car-service Balances receivable:		
U. S. Government transportation accounts.....	\$ 7,892.26	
Other accounts.....	616,778.21	624,670.47
Net Balance receivable from Agents and Conductors.....	143,194.26	
Miscellaneous Accounts receivable.....	754,415.35	
Material and Supplies.....	2,339,455.41	
Interest and Dividends receivable.....	9,898.12	
Other Current Assets (including U. S. Liberty Loan Bonds, at par, \$501,500.00).....	539,550.09	
Total Current Assets.....		7,442,174.35
DEFERRED ASSETS.		
Working Fund Advances.....	\$ 12,685.70	
Other Deferred Assets:		
U. S. Government accounts.....	\$5,802,148.70	
Other accounts.....	68,878.27	5,871,026.97
Total Deferred Assets.....		5,883,712.67
UNADJUSTED DEBITS.		
Rents and Insurance Premiums paid in advance.....	\$ 34,813.37	
Property Abandoned chargeable to Operating Expenses.....	359,973.60	
Other Unadjusted Debits:		
U. S. Government—Accrued Standard Return.....	\$3,151,550.80	
U. S. Government—Income Guaranty.....	668,120.43	
U. S. Government—Interest on Additions and Betterments.....	109,212.69	
Other accounts.....	1,028,991.64	4,957,875.56
Total Unadjusted Debits.....		5,352,662.53
Grand Total.....		\$128,606,100.97

**THE KANSAS CITY SOUTHERN RAILWAY COMPANY
AND ITS SUBSIDIARY COMPANIES**

Combined Balance Sheet, December 31, 1921

LIABILITIES		
CAPITAL STOCK.		
Common Stock:		
Book Liability.....	\$30,000,000.00	
Held by or for Company.....	40,100.00	\$29,959,900.00
Preferred Stock:		
Book Liability.....	\$21,000,000.00	
Held by or for Company.....		21,000,000.00
Total Capital Stock.....		\$ 50,959,900.00
GOVERNMENTAL GRANTS.		
Grants in Aid of Construction.....		511.70
LONG-TERM DEBT.		
Funded Debt Unmatured:		
First Mortgage 3 Per Cent. Gold Bonds, due April 1, 1950.....	\$30,000,000.00	
Refunding and Improvement Mortgage 5 Per Cent. Gold Bonds, due April 1, 1950.....	18,000,000.00	
Bonds of Subsidiary Company.....	126,000.00	
Equipment Trust 5 Per Cent. Gold Notes.....	372,000.00	
Equipment Trust No. 34, 6 Per Cent. Temporary Gold Notes.....	890,400.00	
Miscellaneous Funded Debt.....	50,487.30	
Total Long-term Debt.....		49,438,887.30
CURRENT LIABILITIES.		
Loans and Bills Payable:		
U. S. Government.....	\$ 550,000.00	
Traffic and Car-service Balances payable:		
U. S. Government transportation accounts.....	\$ 17,627.59	
Other accounts.....	520,778.81	538,406.40
Audited Accounts and Wages payable.....	1,539,481.59	
Miscellaneous Accounts payable.....	26,475.89	
Interest Matured unpaid.....	502,285.00	
Dividends Matured unpaid.....	5,562.00	
Unmatured Dividends declared.....	210,000.00	
Unmatured Interest accrued.....	347,053.63	
Unmatured Rents accrued.....	10,706.74	
Other Current Liabilities.....	401,270.49	
Total Current Liabilities.....		4,131,241.74
DEFERRED LIABILITIES.		
Other Deferred Liabilities:		
U. S. Government accounts.....	\$ 9,160,172.69	
Other accounts.....	559,657.07	
Total Deferred Liabilities.....		9,719,829.76
UNADJUSTED CREDITS.		
Tax Liability.....	\$ 778,653.06	
Accrued Depreciation:		
Accruals under Corporate management.....	\$ 594,110.63	
Accruals during Federal control.....	363,196.93	957,307.56
Other Unadjusted Credits.....		949,197.33
Total Unadjusted Credits.....		2,685,157.95
CORPORATE SURPLUS.		
Additions to Property through Income and Surplus.....	\$ 163,779.22	
Appropriated Surplus not specifically invested.....	189,218.65	
Profit and Loss credit balance.....	11,317,574.65	
Total Corporate Surplus.....		11,670,572.52
Grand Total.....		\$128,606,100.97

NOTE.—In the above statement all intercompany accounts are eliminated, so that the Combined Balance Sheet shows the Liabilities to the public and the Assets available against the same.

We have examined the books and accounts of The Kansas City Southern Railway Company and its Subsidiary Companies for the year ended December 31, 1921, and we certify that, in our opinion, the above Combined Balance Sheet is properly drawn up therefrom and correctly sets forth the financial position of the Companies at that date, subject to such adjustment as may be required in the settlement of U. S. Government accounts.

134 SOUTH LA SALLE STREET,
CHICAGO, April 28, 1922.

PRICE, WATERHOUSE & CO.

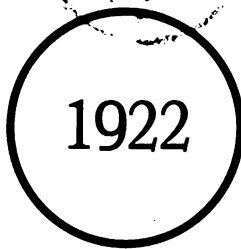
THE KANSAS CITY SOUTHERN RAILWAY COMPANY AND ITS SUBSIDIARY COMPANIES

Combined Income Account for the Year Ended December 31, 1921

OPERATING REVENUES.			
Freight.....	\$17,812,698.88		
Passenger.....	2,492,228.72		
Switching.....	852,727.64		
Excess Baggage.....	20,733.98		
Special Service Train.....	8,847.34		
Mail.....	284,658.94		
Express.....	305,216.78		
Other Freight-train.....	2,738.92		
Other Passenger-train.....	6,051.88		
Incidental.....	248,541.97		
Joint Facility.....	Dr. 4,671.50		\$22,029,773.55
OPERATING EXPENSES.			
Maintenance of Way and Structures.....	\$ 3,207,018.96		
Maintenance of Equipment.....	3,894,149.36		
Traffic.....	520,866.23		
Transportation—Rail Line.....	7,679,916.54		
General.....	1,053,294.44		
Transportation for Investment—Cr.....	12,330.45		16,342,915.08
Net Revenue from Operation.....			\$ 5,686,858.47
Tax Accruals.....	\$ 1,107,650.31		
Uncollectible Railway Revenues.....	8,332.29		1,115,982.60
Total Operating Income.....			\$ 4,570,875.87
NONOPERATING INCOME.			
Rent from Locomotives.....	\$ 53,425.11		
Rent from Passenger-train Cars.....	32,016.52		
Rent from Work Equipment.....	5,842.85		
Joint Facility Rent Income.....	159,877.08		
Income from Lease of Road.....	Dr. 83.89		
Miscellaneous Rent Income.....	11,794.88		
Miscellaneous Nonoperating Physical Property.....	22,802.23		
Dividend Income.....	51,204.81		
Income from Funded Securities.....	854.48		
Income from Unfunded Securities and Accounts.....	92,791.10		
Miscellaneous Income:			
Revenues Prior to January 1, 1918.....	Dr. \$25,165.20		
Other Miscellaneous Income.....	18,112.72	Dr. 7,052.48	423,472.69
Gross Income.....			\$ 4,994,348.56
DEDUCTIONS FROM GROSS INCOME.			
Hire of Freight Cars—Debit balance.....	\$ 384,599.72		
Rent for Locomotives.....	49,189.36		
Rent for Passenger-train Cars.....	65,492.72		
Rent for Work Equipment.....	6,345.62		
Joint Facility Rents.....	240,554.26		
Miscellaneous Rents.....	4,279.00		
Miscellaneous Tax Accruals.....	705.66		
Interest on Funded Debt.....	1,883,834.76		
Interest on Unfunded Debt.....	47,982.92		
Miscellaneous Income Charges:			
Expenses Prior to January 1, 1918.....	\$29,960.14		
Current Charges.....	57,325.96	87,286.10	2,770,270.12
Net Income.....			\$ 2,224,078.44
DIVIDEND APPROPRIATIONS OF INCOME.			
Dividends on Preferred Stock.....			840,000.00
Income Balance transferred to Profit and Loss.....			\$ 1,384,078.44

Combined Profit and Loss Account for the Year Ended December 31, 1921

	DEBITS.	CREDITS.
Credit Balance at beginning of year.....		\$ 9,995,030.33
Credit Balance transferred from Income.....		1,384,078.44
Profit on Road and Equipment sold.....		1,059.77
Unrefundable Overcharges.....		292.62
Donations.....		66,735.96
Miscellaneous Credits.....		16,187.98
Surplus Appropriated for Investment in Physical Property.....	\$ 67,008.13	
Debt Discount Extinguished through Surplus.....	175.87	
Loss on Retired Road and Equipment.....	64,160.50	
Delayed Income Debits.....	68.42	
Miscellaneous Debits.....	14,397.53	
Credit Balance carried to Balance Sheet.....	11,317,574.65	
Totals.....	\$11,463,385.10	\$11,463,385.10



1922

TWENTY-THIRD ANNUAL REPORT
(CONDENSED)

OF

THE KANSAS CITY SOUTHERN RAILWAY COMPANY

FOR THE

FISCAL YEAR ENDED DECEMBER 31, 1922

A complete Annual Report will be ready for distribution about May 15, which will be furnished to Stockholders and others concerned upon application.

CORPORATE ORGANIZATION

DIRECTORS

L. F. LOREE, Chairman of the Board, New York.			
JAMES A. BLAIR,	New York.	MASON B. STARRING,	New York.
PIERPONT V. DAVIS,	New York.	JOSEPH F. STILLMAN,	New York.
WILLIAM C. LOREE,	New York.	W. G. STREET,	New York.
SAMUEL MCROBERTS,	New York.	ARTHUR TURNBULL,	New York.
ANDREW J. MILLER,	New York.	J. A. EDSON,	Kansas City, Mo.
WALTER T. ROSEN,	New York.	GEO. M. MYERS,	Kansas City, Mo.
MORITZ ROSENTHAL,	New York.	EDWARD F. SWINNEY,	Kansas City, Mo.

EXECUTIVE COMMITTEE

L. F. LOREE, Chairman,		
JAMES A. BLAIR,		WALTER T. ROSEN,
ANDREW J. MILLER,		ARTHUR TURNBULL.

OFFICERS

J. A. EDSON,	President.....	Kansas City, Mo.
A. M. CALHOUN,	Assistant to the President.....	Kansas City, Mo.
G. B. WOOD,	Assistant to the President.....	Kansas City, Mo.
G. P. WILLIAMS,	Assistant to the President.....	Beaumont, Tex.
J. F. HOLDEN,	Vice-President in Charge of Traffic.....	Kansas City, Mo.
H. A. WEAVER,	General Freight Agent.....	Kansas City, Mo.
S. G. WARNER,	General Passenger and Ticket Agent.....	Kansas City, Mo.
G. C. HAND,	Vice-President and Secretary.....	New York.
G. W. MULLER,	Assistant Secretary and Transfer Agent.....	New York.
B. B. SANFORD,	Assistant Secretary.....	New York.
L. J. HENSLEY,	Auditor and Assistant Secretary.....	Kansas City, Mo.
I. C. MCGEE,	Treasurer.....	Kansas City, Mo.
J. M. SALTER,	Assistant Treasurer.....	Kansas City, Mo.
J. J. WEISS,	Assistant Treasurer.....	New York.
SAMUEL UNTERMYER,	Counsel.....	New York.
S. W. MOORE,	General Counsel.....	New York.
F. H. MOORE,	General Solicitor.....	Kansas City, Mo.
A. F. SMITH,	Assistant General Solicitor.....	Kansas City, Mo.
G. H. MUCKLEY,	Commerce Counsel.....	Kansas City, Mo.
C. E. JOHNSTON,	General Manager.....	Kansas City, Mo.
E. H. HOLDEN,	General Superintendent of Transportation.....	Kansas City, Mo.
W. N. DERAMUS,	Superintendent of Car Service.....	Kansas City, Mo.
O. CORNELISEN,	Superintendent, Northern Division.....	Pittsburg, Kas.
J. E. MURPHY,	Superintendent, Southern Division.....	Texarkana, Tex.
A. N. REECE,	Chief Engineer.....	Kansas City, Mo.
M. A. HALL,	Superintendent of Machinery.....	Pittsburg, Kas.
B. B. BRAIN,	Purchasing Agent.....	Kansas City, Mo.

Stocks are transferred and Bonds registered or transferred at the New York Office.

NEW YORK OFFICE, 25 Broad Street.

GENERAL OFFICES, Kansas City, Mo.

THE KANSAS CITY SOUTHERN RAILWAY COMPANY
TEXARKANA & FORT SMITH RAILWAY COMPANY

Comparative Statement Showing Results of Operation for the Year Ended December 31, 1922

	1922		1921		INCREASE	DECREASE
MILEAGE OPERATED.....	841.55		841.64		.....	.09
OPERATING REVENUES.						
Freight.....	\$16,336,124.86	80.23%	\$17,674,399.84	81.19%	.....	\$1,338,274.98
Passenger.....	2,201,623.92	10.81	2,477,395.17	11.38	.....	275,771.25
Excess Baggage.....	20,461.68	.10	20,676.69	.10	.....	215.01
Mail.....	217,124.56	1.07	282,033.82	1.30	.....	64,909.26
Express.....	441,599.16	2.17	303,835.10	1.40	\$137,764.06	
Other Passenger-train.....	3,282.58	.02	6,706.52	.03	.....	3,423.94
Switching.....	755,715.12	3.71	854,373.62	3.92	.....	98,658.50
Special Service Train.....	5,884.60	.03	8,947.34	.04	.....	3,062.74
Other Freight-train.....	3,372.38	.02	2,768.63	.01	603.75	
Incidental and Joint Facility.....	375,990.73	1.84	137,003.65	.63	238,987.08	
Gross Revenues.....	\$20,361,179.59	100.00%	\$21,768,140.38	100.00%	.....	\$1,406,960.79
OPERATING EXPENSES.						
Maintenance of Way and Structures..	\$ 2,562,345.79	12.58%	\$ 3,033,548.17	13.94%	.....	\$ 471,202.38
Maintenance of Equipment.....	4,100,872.45	20.14	3,899,867.16	17.92	\$201,005.29	
Traffic.....	502,350.45	2.47	519,999.95	2.39	.....	17,649.50
Transportation.....	7,023,098.56	34.49	7,673,980.95	35.25	.....	650,882.39
Miscellaneous Operations.....	5,120.72	.03	.....	.....	5,120.72	
General.....	902,220.32	4.43	991,033.35	4.55	.....	88,813.03
Transportation for Investment—Cr...	12,548.48	.06	14,437.37	.07	.....	1,888.89
Total Operating Expenses...	\$15,083,459.81	74.08%	\$16,103,992.21	73.98%	.....	\$1,020,532.40
NET REVENUE.....	\$ 5,277,719.78	25.92%	\$ 5,664,148.17	26.02%	.....	\$ 386,428.39
TAXES.....	\$ 1,315,676.19	6.46%	\$ 1,072,693.39	4.93%	\$242,982.80	
UNCOLLECTIBLE REVENUES.....	5,523.56	.03	10,405.17	.05	.....	\$ 4,881.61
Total Taxes and Uncollectible Revenues.....	\$ 1,321,199.75	6.49%	\$ 1,083,098.56	4.98%	\$238,101.19	
OPERATING INCOME.....	\$ 3,956,520.03	19.43%	\$ 4,581,049.61	21.04%	.....	\$ 624,529.58
RATIO OF OPERATING EXPENSES AND TAXES TO GROSS REVENUES.....	.....	80.54%	.....	78.91%	1.63%	

THE KANSAS CITY SOUTHERN RAILWAY COMPANY
TEXARKANA & FORT SMITH RAILWAY COMPANY

Comparative General Balance Sheet, December 31, 1922

ASSETS	DECEMBER 31, 1922	DECEMBER 31, 1921	INCREASE	DECREASE
INVESTMENTS.				
Investment in Road and Equipment.....	\$103,820,450.00	\$102,886,107.05	\$ 934,342.95	
Deposits in lieu of Mortgaged Property sold.....	48,533.04	38,370.66	10,162.38	
Miscellaneous Physical Property.....	727,118.90	744,026.36		\$ 16,907.46
Investments in Affiliated Companies:				
Stocks.....	1,822,916.53	1,822,916.53		
Bonds.....	2,794,844.27	2,794,844.27		
Notes.....	18,563.90	18,664.90		101.00
Advances.....	2,189,636.23	1,995,199.55	194,436.68	
Other Investments:				
Stocks.....	851.82	13,535.18		12,683.36
Bonds.....		21,498.72		21,498.72
Notes.....	25,580.20	25,227.20	353.00	
Miscellaneous.....	36,647.58	46,711.30		10,063.72
Total Investments.....	\$111,485,142.47	\$110,407,101.72	\$1,078,040.75	
CURRENT ASSETS.				
Cash.....	\$ 3,047,990.76	\$ 1,908,734.41	\$1,139,256.35	
Special Deposits.....	1,005,421.66	1,041,715.06		\$ 36,293.40
Loans and Bills receivable.....	12,248.20	10,303.74	1,944.46	
Traffic and Car-service Balances receivable.....	678,429.72	637,900.96	40,528.76	
Net Balance receivable from Agents and Con- ductors.....	125,225.85	134,440.91		9,215.06
Miscellaneous Accounts receivable.....	637,844.73	802,696.32		164,851.59
Material and Supplies.....	2,132,597.72	2,318,872.43		186,274.71
Interest and Dividends receivable.....	9,721.38	10,298.12		576.74
Other Current Assets.....	535,278.66	536,937.40		1,658.74
Total Current Assets.....	\$ 8,184,758.68	\$ 7,401,899.35	\$ 782,859.33	
DEFERRED ASSETS.				
Working Fund Advances.....	\$ 13,235.21	\$ 12,685.70	\$ 549.51	
Other Deferred Assets:				
U. S. Government accounts.....	5,771,177.65	5,759,045.14	12,132.51	
Other accounts.....	37,362.40	68,713.79		\$ 31,351.39
Total Deferred Assets.....	\$ 5,821,775.26	\$ 5,840,444.63		\$ 18,669.37
UNADJUSTED DEBITS.				
Rents and Insurance Premiums paid in advance....	\$ 68,440.90	\$ 20,887.52	\$ 47,553.38	
Property Abandoned chargeable to Operating Expenses.....	269,980.20	359,973.60		\$ 89,993.40
Other Unadjusted Debits:				
U. S. Government—Accrued Standard Return....	3,237,876.16	3,237,876.16		
U. S. Government—Income Guaranty.....	613,105.42	613,105.42		
U. S. Government—Interest on Additions and Betterments.....	109,212.69	109,212.69		
Other accounts.....	502,292.43	1,036,856.15		534,563.72
Total Unadjusted Debits.....	\$ 4,800,907.80	\$ 5,377,911.54		\$577,003.74
Grand Totals.....	\$130,292,584.21	\$129,027,357.24	\$1,265,226.97	

THE KANSAS CITY SOUTHERN RAILWAY COMPANY

TEXARKANA & FORT SMITH RAILWAY COMPANY

Comparative General Balance Sheet, December 31, 1922

LIABILITIES	DECEMBER 31, 1922	DECEMBER 31, 1921	INCREASE	DECREASE
CAPITAL STOCK.				
Common Stock:				
Book Liability..... \$30,000,000.00				
Held by or for Company..... 40,100.00	\$ 29,959,900.00	\$ 29,959,900.00		
Preferred Stock:				
Book Liability..... \$21,000,000.00				
Held by or for Company.....	21,000,000.00	21,000,000.00		
Total Capital Stock.....	\$ 50,959,900.00	\$ 50,959,900.00		
GOVERNMENTAL GRANTS.				
Grants in Aid of Construction.....	\$ 511.70	\$ 511.70		
LONG-TERM DEBT.				
Funded Debt Unmatured:				
First Mortgage 3 Per Cent. Gold Bonds, due April 1, 1950.....	\$ 30,000,000.00	\$ 30,000,000.00		
Refunding and Improvement Mortgage 5 Per Cent. Gold Bonds, due April 1, 1950.....	18,000,000.00	18,000,000.00		
Equipment Trust 5 Per Cent. Gold Notes.....	248,000.00	372,000.00		\$124,000.00
Equipment Trust No. 34, 6 Per Cent. Gold Notes.....	826,800.00	890,400.00		63,600.00
Miscellaneous Funded Debt.....	47,440.10	50,487.30		3,047.20
Total Long-term Debt.....	\$ 49,122,240.10	\$ 49,312,887.30		\$190,647.20
CURRENT LIABILITIES.				
Loans and Bills payable:				
U. S. Government.....	\$ 550,000.00	\$ 550,000.00		
Traffic and Car-service Balances payable.....	838,589.68	544,202.16	\$ 294,387.52	
Audited Accounts and Wages payable.....	1,784,372.66	1,513,799.13	270,573.53	
Miscellaneous Accounts payable.....	6,380.49	23,404.18		\$ 17,023.69
Interest Matured unpaid.....	497,605.00	502,105.00		4,500.00
Dividends Matured unpaid.....	4,858.00	5,562.00		704.00
Unmatured Dividends declared.....	210,000.00	210,000.00		
Unmatured Interest accrued.....	373,744.02	344,953.63	28,790.39	
Unmatured Rents accrued.....	9,747.65	10,706.74		959.09
Other Current Liabilities.....	149,738.83	400,480.70		250,741.87
Total Current Liabilities.....	\$ 4,425,036.33	\$ 4,105,213.54	\$ 319,822.79	
DEFERRED LIABILITIES.				
Other Deferred Liabilities:				
U. S. Government accounts.....	\$ 9,117,633.69	\$ 9,044,174.70	\$ 73,458.99	
Other accounts.....	400,856.68	547,428.32		\$146,571.64
Total Deferred Liabilities.....	\$ 9,518,490.37	\$ 9,591,603.02		\$ 73,112.65
UNADJUSTED CREDITS.				
Tax Liability.....	\$ 816,543.87	\$ 766,091.34	\$ 50,452.53	
Accrued Depreciation—Equipment:				
Accruals during Corporate management.....	800,965.63	593,993.37	206,972.26	
Accruals during Federal control.....	363,122.57	363,122.57		
Other Unadjusted Credits.....	1,154,914.17	1,034,369.27	120,544.90	
Total Unadjusted Credits.....	\$ 3,135,546.24	\$ 2,757,576.55	\$ 377,969.69	
CORPORATE SURPLUS.				
Additions to Property through Income and Surplus.....	\$ 347,789.25	\$ 161,796.03	\$ 185,993.22	
Appropriated Surplus not specifically invested.....	921,520.47	799,044.85	122,475.62	
Profit and Loss credit balance.....	11,861,549.75	11,338,824.25	522,725.50	
Total Corporate Surplus.....	\$ 13,130,859.47	\$ 12,299,665.13	\$ 831,194.34	
Grand Totals.....	\$130,292,584.21	\$129,027,357.24	\$1,265,226.97	

The above Balance Sheet as at December 31, 1922, in our opinion correctly shows the financial position of The Kansas City Southern Railway Company at that date as an individual Company, subject to such adjustment as may be required in the settlement of U. S. Government accounts, and is included in the Combined Balance Sheet of The Kansas City Southern Railway Company and its Subsidiary Companies.

134 SOUTH LA SALLE STREET,
CHICAGO, March 12, 1923.

PRICE, WATERHOUSE & CO.

THE KANSAS CITY SOUTHERN RAILWAY COMPANY
TEXARKANA & FORT SMITH RAILWAY COMPANY
Comparative Income Account for the Year Ended December 31, 1922

	1922	1921
OPERATING INCOME.		
Railway Operating Revenues.....	\$20,361,179.59	\$21,840,438.81
Railway Operating Expenses.....	15,083,459.81	16,003,485.24
Net Revenue from Railway Operations.....	\$ 5,277,719.78	\$ 5,836,953.57
Railway Tax Accruals:		
War Taxes.....	\$ 430,297.97	\$ 108,577.31
Other Taxes.....	885,378.22	964,116.08
Uncollectible Railway Revenues.....	5,523.56	8,217.54
Total Tax Accruals and Uncollectible Revenues.....	\$ 1,321,199.75	\$ 1,080,910.93
Total Operating Income.....	\$ 3,956,520.03	\$ 4,756,042.64
NONOPERATING INCOME.		
Rent from Locomotives.....	\$ 52,287.98	\$ 53,400.11
Rent from Passenger-train Cars.....	39,687.87	32,016.52
Rent from Work Equipment.....	5,553.58	5,842.85
Joint Facility Rent Income.....	145,171.26	149,726.40
Income from Lease of Road.....	1,252.19	Dr. 83.89
Miscellaneous Rent Income.....	8,428.89	8,560.49
Miscellaneous Nonoperating Physical Property.....	42,376.67	22,802.23
Dividend Income.....		51,204.81
Income from Funded Securities.....	383.25	1,814.48
Income from Unfunded Securities and Accounts.....	94,899.65	87,211.80
Miscellaneous Income:		
Revenues Prior to January 1, 1918.....	7.97	Dr. 24,863.94
Other Miscellaneous Income.....	1,664.82	17,963.72
Total Nonoperating Income.....	\$ 391,714.13	\$ 405,595.58
Gross Income.....	\$ 4,348,234.16	\$ 5,161,638.22
DEDUCTIONS FROM GROSS INCOME.		
Hire of Freight Cars—Debit balance.....	\$ 465,274.17	\$ 375,141.08
Rent for Locomotives.....	27,849.09	28,720.12
Rent for Passenger-train Cars.....	47,804.65	59,092.72
Rent for Work Equipment.....	5,143.63	6,345.62
Joint Facility Rents.....	254,293.75	240,554.26
Miscellaneous Rents.....	Cr. 2,592.10	4,279.00
Miscellaneous Tax Accruals.....		755.17
Interest on Funded Debt.....	1,864,307.80	1,878,794.76
Interest on Unfunded Debt.....	79,027.48	47,967.50
Miscellaneous Income Charges:		
Expenses Prior to January 1, 1918.....	Cr. .74	29,656.92
Current Charges.....	20,595.61	57,325.96
Total Deductions from Gross Income.....	\$ 2,761,703.34	\$ 2,728,633.11
Net Income.....	\$ 1,586,530.82	\$ 2,433,005.11
DISPOSITION OF NET INCOME.		
Dividend Appropriations of Income:		
Quarterly Dividends on Preferred Stock:		
No. 60, declared March 7, 1922, payable April 15, 1922.....	\$ 210,000.00	
No. 61, declared June 20, 1922, payable July 15, 1922.....	210,000.00	
No. 62, declared September 19, 1922, payable October 16, 1922.....	210,000.00	
No. 63, declared December 19, 1922, payable January 15, 1923.....	210,000.00	
Total Appropriations of Income.....	\$ 840,000.00	\$ 840,000.00
INCOME BALANCE TRANSFERRED TO PROFIT AND LOSS.....	\$ 746,530.82	\$ 1,593,005.11

Profit and Loss Account for the Year Ended December 31, 1922

	DEBITS	CREDITS
Credit Balance at beginning of year.....		\$11,338,824.25
Credit Balance transferred from Income.....		746,530.82
Profit on Road and Equipment sold.....	\$ 1,071.52	
Unrefundable Overcharges.....		5,018.66
Donations.....		185,993.22
Miscellaneous Credits.....		81,823.60
Surplus Appropriated for Investment in Physical Property.....	185,993.22	
Debt Discount Extinguished through Surplus.....	5.03	
Miscellaneous Appropriations of Surplus.....	110,358.21	
Loss on Retired Road and Equipment.....	76,236.48	
Miscellaneous Debits.....	122,976.34	
Credit Balance carried to Balance Sheet.....	11,861,549.75	
Totals.....	\$12,358,190.55	\$12,358,190.55

THE KANSAS CITY SOUTHERN RAILWAY COMPANY

TEXARKANA & FORT SMITH RAILWAY COMPANY

Comparative Statement of Classified Revenue Tonnage for the Year Ended December 31, 1922

COMMODITIES	FREIGHT ORIGINATING ON THIS ROAD		FREIGHT RECEIVED FROM CONNECTING LINES		TOTAL TONS		PER CENT.	
	1922	1921	1922	1921	1922	1921	1922	1921
Products of Agriculture.....	380,915	593,582	445,151	481,960	826,066	1,075,542	15.1	21.0
Animals and Products.....	81,491	70,414	49,663	35,550	131,154	105,964	2.4	2.1
Products of Mines.....	920,153	664,137	704,943	576,433	1,625,096	1,240,570	29.7	24.2
Products of Forests.....	687,370	750,523	513,918	486,288	1,201,288	1,236,811	22.0	24.1
Manufacturers and Miscellaneous.	764,571	646,675	811,877	703,874	1,576,448	1,350,549	28.9	26.4
Merchandise—All L.C.L. Freight.	70,365	80,262	34,762	32,398	105,127	112,660	1.9	2.2
Grand Totals.....	2,904,865	2,805,593	2,560,314	2,316,503	5,465,179	5,122,096	100.0	100.0

Comparative Statement of Revenue Tonnage Movement for the Year Ended December 31, 1922

	1922	1921	INCREASE	DECREASE
NUMBER OF REVENUE TONS CARRIED ONE MILE:				
North.....	883,332,642	804,342,048	78,990,594	
South.....	624,382,886	749,166,553	.....	124,783,667
Totals.....	1,507,715,528	1,553,508,601	.....	45,793,073

THE KANSAS CITY SOUTHERN RAILWAY COMPANY
TEXARKANA & FORT SMITH RAILWAY COMPANY

**Comparative Statement of Train, Locomotive and Car Mileage for the Year Ended
December 31, 1922**

	1922	1921
TRAIN MILEAGE:		
Freight	2,012,080	2,117,420
Passenger	1,396,269	1,325,958
Mixed	9,434	19,055
Total Revenue Train Mileage	3,417,783	3,462,433
ADDITIONAL LOCOMOTIVE MILEAGE:		
Light and Helping Freight	189,604	171,930
Light and Helping Passenger	24,486	13,840
Light and Helping Mixed		3
Switching	992,389	982,345
Passenger—Nonrevenue	1,457	2,788
Work	61,976	80,555
Total Locomotive Mileage	4,687,695	4,713,894
CAR MILEAGE:		
Loaded Freight—North	33,941,041	29,525,561
Loaded Freight—South	25,278,470	26,795,409
Empty Freight—North	4,861,737	7,592,883
Empty Freight—South	15,994,794	14,744,146
Total Freight Car Mileage	80,076,042	78,657,999
Average Car-miles per Car-day	36.5	36.9

THE KANSAS CITY SOUTHERN RAILWAY COMPANY
TEXARKANA & FORT SMITH RAILWAY COMPANY

**Comparative Statement Showing Performance of Locomotives for the Year Ended
December 31, 1922**

	1922	1921
Cost of Repairs to Locomotives and Tenders	\$1,674,804.81	\$1,531,968.94
Per Mile run .....	.3573	.3250
Cost of Fuel used	\$2,054,882.84	\$2,327,968.99
Cost of Fuel Station Operation	63,590.96	63,772.27
Total Cost of Fuel per Mile run .....	.4519	.5074
Cost of Enginemen, Firemen and Roundhousemen	\$1,233,850.75	\$1,273,743.80
Per Mile run .....	.2632	.2702
Cost of Water Supply	\$ 112,780.51	\$ 119,803.71
Per Mile run .....	.0241	.0254
Cost of Lubricating Oil and Grease used	\$ 26,890.63	\$ 25,188.67
Per Mile run .....	.0057	.0054
Cost of Waste used	\$ 2,273.62	\$ 3,456.10
Per Mile run .....	.0005	.0007
Cost of Other Supplies	\$ 43,236.56	\$ 45,823.26
Per Mile run .....	.0092	.0097
Total Cost	\$5,212,310.68	\$5,391,725.74
Total Cost per Mile run	1.1119	1.1438
Tons of Coal used	158,699	192,742
Price per Ton	\$5.07	\$5.24
Barrels of Fuel Oil used	1,053,648	784,389
Price per Barrel	\$1.32	\$1.81
Miles Run per Ton of Coal used	10.08	11.86
Miles Run per Barrel of Oil used	2.93	3.10
Pints of Lubricating Oil and Grease used	345,958	322,808
Price per Pint	\$.0777	\$.0780
Miles Run per Pint of Lubricating Oil and Grease used	13.55	14.60
Miles Run per Pint of All Oils used	9.65	10.12
Pounds of Waste used	23,365	24,904
Price per Pound	\$.0973	\$.1388
Miles Run per Pound of Waste used	200.63	189.28

NOTE—Includes performance of Terminal Division locomotives and locomotives in work service.

THE KANSAS CITY SOUTHERN RAILWAY COMPANY
TEXARKANA & FORT SMITH RAILWAY COMPANY
Condensed Statement of Comparative Operating Results for the Year Ended
December 31, 1922

	1922	1921
Mileage Operated.....	841.55	841.64
Number of Tons carried:		
Revenue freight.....	5,465,179	5,122,096
Company freight.....	596,872	607,815
Average Distance (Miles) each ton was carried:		
Revenue freight.....	275.88	303.30
Including Company freight.....	259.95	282.81
Number of Tons carried one mile:		
Revenue freight.....	1,507,715,528	1,553,508,601
Company freight.....	68,084,525	66,945,990
Number of Tons carried one mile per mile of road:		
Revenue freight.....	1,791,594	1,845,811
Including Company freight.....	1,872,497	1,925,354
Tons to each loaded car:		
Revenue freight.....	25.46	27.58
Including Company freight.....	26.61	28.77
Tons to each loaded and empty car:		
Revenue freight.....	18.83	19.75
Including Company freight.....	19.68	20.60
Cars to each train:		
Loaded.....	29.38	26.56
Empty.....	10.36	10.55
Train Load in tons:		
Revenue freight.....	747.41	729.97
Including Company freight.....	781.16	761.42
Gross Ton Miles—Freight.....	3,284,717,923	3,181,073,263
Per freight train mile.....	1,632.50	1,502.33
Per freight locomotive mile.....	1,491.91	1,389.51
Number of Passengers carried—Earning revenue.....	1,248,468	1,595,408
Average Distance (Miles) each passenger was carried.....	50.65	44.72
Number of Passengers carried one mile.....	63,233,107	71,358,404
Per mile of road.....	75,139	84,785
Freight Revenue.....	\$16,336,124.86	\$17,674,399.84
Per mile of road.....	19,411.95	20,999.95
Per revenue freight train mile.....	8.09823	8.30488
Per ton of freight.....	2.98913	3.45062
Per ton per mile.....	.01084	.01138
Passenger Revenue.....	\$ 2,201,623.92	\$ 2,477,395.17
Per passenger.....	1.76346	1.55282
Per passenger per mile.....	.03482	.03472
Freight and Passenger Revenue.....	\$18,537,748.78	\$20,151,795.01
Per mile of road.....	22,028.10	23,943.49
Passenger Service Train Revenue.....	\$ 2,884,091.90	\$ 3,090,647.30
Per mile of road.....	3,427.12	3,672.17
Per revenue passenger train mile.....	2.0608	2.31963
Gross Revenues from Operation.....	\$20,361,179.59	\$21,768,140.38
Per mile of road.....	24,194.85	25,863.96
Per revenue train mile.....	5.95742	5.70430
Maintenance of Way and Structures.....	\$ 2,562,345.79	\$ 3,033,548.17
Per mile of road.....	3,044.79	3,604.33
Per revenue train mile.....	.74971	.79494
Maintenance of Equipment.....	\$ 4,100,872.45	\$ 3,899,867.16
Per mile of road.....	4,873.00	4,633.65
Per revenue train mile.....	1.19986	1.02195
Traffic Expenses.....	\$ 502,350.45	\$ 519,999.95
Per mile of road.....	596.94	617.84
Per revenue train mile.....	.14698	.13626
Transportation Expenses.....	\$ 7,023,098.56	\$ 7,673,980.95
Per mile of road.....	8,345.43	9,117.89
Per revenue train mile.....	2.05487	2.01095
Miscellaneous Operations.....	\$ 5,120.72	
Per mile of road.....	6.08	
Per revenue train mile.....	.00150	
General Expenses.....	\$ 902,220.32	\$ 991,033.35
Per mile of road.....	1,072.09	1,177.50
Per revenue train mile.....	.26398	.25970
Transportation for Investment—Cr.....	\$ 12,548.48	\$ 14,437.37
Per mile of road.....	14.91	17.15
Per revenue train mile.....	.00367	.00378
Total Operating Expenses.....	\$15,083,459.81	\$16,103,992.21
Per mile of road.....	17,923.42	19,134.06
Per revenue train mile.....	4.41323	4.22002
Net Revenue from Operation.....	\$ 5,277,719.78	\$ 5,664,148.17
Per mile of road.....	6,271.43	6,729.90
Per revenue train mile.....	1.54419	1.48428
Ratio Operating Expenses to Gross Revenues.....	74.08%	73.98%
Ratio Operating Expenses and Taxes to Gross Revenues.....	80.54%	78.91%

1922

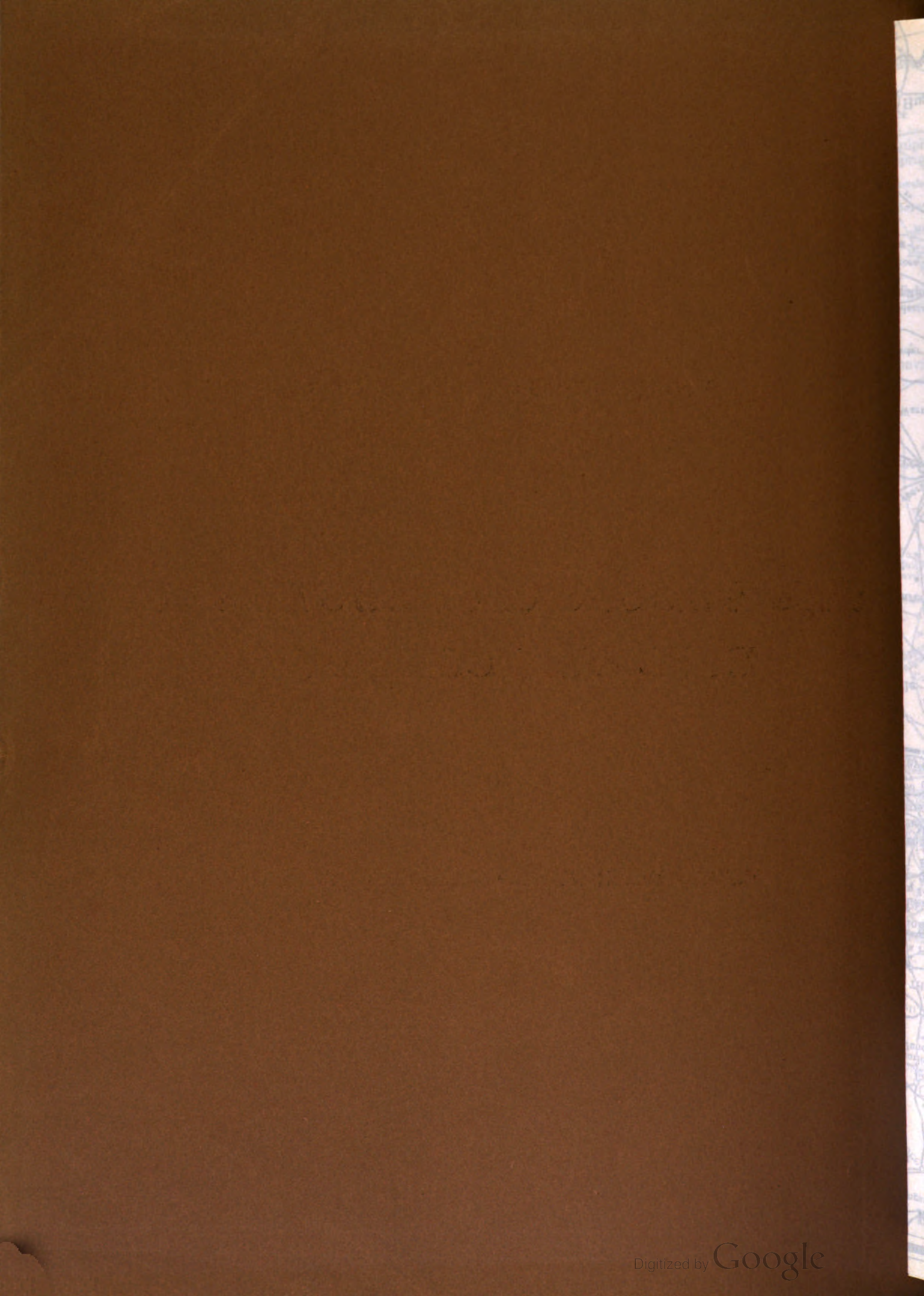
TWENTY-THIRD ANNUAL REPORT

OF

THE KANSAS CITY SOUTHERN
RAILWAY COMPANY

FOR THE

FISCAL YEAR ENDED DECEMBER 31, 1922



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TWENTY-THIRD ANNUAL REPORT

OF

THE KANSAS CITY SOUTHERN
RAILWAY COMPANY

FOR THE

FISCAL YEAR ENDED DECEMBER 31, 1922

CORPORATE ORGANIZATION

DIRECTORS

L. F. LOREE, Chairman of the Board, New York.			
JAMES A. BLAIR,	New York.	MASON B. STARRING,	New York.
PIERPONT V. DAVIS,	New York.	JOSEPH F. STILLMAN,	New York.
WILLIAM C. LOREE,	New York.	W. G. STREET,	New York.
SAMUEL McROBERTS,	New York.	ARTHUR TURNBULL,	New York.
ANDREW J. MILLER,	New York.	J. A. EDSON,	Kansas City, Mo.
WALTER T. ROSEN,	New York.	GEO. M. MYERS,	Kansas City, Mo.
MORITZ ROSENTHAL,	New York.	EDWARD F. SWINNEY,	Kansas City, Mo.

EXECUTIVE COMMITTEE

L. F. LOREE, Chairman,			
JAMES A. BLAIR,		WALTER T. ROSEN,	
ANDREW J. MILLER,		ARTHUR TURNBULL.	

OFFICERS

J. A. EDSON,	President.....	Kansas City, Mo.
A. M. CALHOUN,	Assistant to the President.....	Kansas City, Mo.
G. B. WOOD,	Assistant to the President.....	Kansas City, Mo.
G. P. WILLIAMS,	Assistant to the President.....	Beaumont, Tex.
J. F. HOLDEN,	Vice-President in Charge of Traffic.....	Kansas City, Mo.
H. A. WEAVER,	General Freight Agent.....	Kansas City, Mo.
S. G. WARNER,	General Passenger and Ticket Agent.....	Kansas City, Mo.
G. C. HAND,	Vice-President and Secretary.....	New York.
G. W. MULLER,	Assistant Secretary and Transfer Agent.....	New York.
B. B. SANFORD,	Assistant Secretary.....	New York.
L. J. HENSLEY,	Auditor and Assistant Secretary.....	Kansas City, Mo.
I. C. MCGEE,	Treasurer.....	Kansas City, Mo.
J. M. SALTER,	Assistant Treasurer.....	Kansas City, Mo.
J. J. WEISS,	Assistant Treasurer.....	New York.
SAMUEL UNTERMYER,	Counsel.....	New York.
S. W. MOORE,	General Counsel.....	New York.
F. H. MOORE,	General Solicitor.....	Kansas City, Mo.
A. F. SMITH,	Assistant General Solicitor.....	Kansas City, Mo.
G. H. MUCKLEY,	Commerce Counsel.....	Kansas City, Mo.
C. E. JOHNSTON,	General Manager.....	Kansas City, Mo.
E. H. HOLDEN,	General Superintendent of Transportation.....	Kansas City, Mo.
W. N. DERAMUS,	Superintendent of Car Service.....	Kansas City, Mo.
O. CORNELISEN,	Superintendent, Northern Division.....	Pittsburg, Kas.
J. E. MURPHY,	Superintendent, Southern Division.....	Texarkana, Tex.
A. N. REECE,	Chief Engineer.....	Kansas City, Mo.
M. A. HALL,	Superintendent of Machinery.....	Pittsburg, Kas.
B. B. BRAIN,	Purchasing Agent.....	Kansas City, Mo.

Stocks are transferred and Bonds registered or transferred at the New York Office.

NEW YORK OFFICE, 25 Broad Street.

GENERAL OFFICES, Kansas City, Mo.

KANSAS CITY, Mo., MAY 25, 1923.

To the Stockholders of

THE KANSAS CITY SOUTHERN RAILWAY COMPANY:

The twenty-third annual report of the affairs of your Company, being for the year ended December 31, 1922, is herewith presented.

SUMMARY OF OPERATIONS.

That portion of the system lying within the State of Texas, the mileage of which is included in the operated mileage of your Company, is operated separately by its owner, the Texarkana & Fort Smith Railway Company, which maintains its own general offices and books of account at Texarkana, Texas, in accordance with the State law. The reports of that company are, however, combined with those of the parent Company in so far as necessary to enable a comprehensive survey of operations for the entire line from Kansas City to the Gulf.

The succeeding statement shows the results of operation for the year, compared with such results for the preceding year:

	1922		1921		INCREASE	DECREASE
MILEAGE OPERATED.....	841.55		841.64		.....	.09
OPERATING REVENUES.						
Freight.....	\$16,336,124.86	80.23%	\$17,674,399.84	81.19%	.....	\$1,338,274.98
Passenger.....	2,201,623.92	10.81	2,477,395.17	11.38	.....	275,771.25
Excess Baggage.....	20,461.68	.10	20,676.69	.10	.....	215.01
Mail.....	217,124.56	1.07	282,033.82	1.30	.....	64,909.26
Express.....	441,599.16	2.17	303,835.10	1.40	\$137,764.06	
Other Passenger-train.....	3,282.58	.02	6,706.52	.03	.....	3,423.94
Switching.....	755,715.12	3.71	854,373.62	3.92	.....	98,658.50
Special Service Train.....	5,884.60	.03	8,947.34	.04	.....	3,062.74
Other Freight-train.....	3,372.38	.02	2,768.63	.01	603.75	
Incidental and Joint Facility.....	375,990.73	1.84	137,003.65	.63	238,987.08	
~Gross Revenues.....	\$20,361,179.59	100.00%	\$21,768,140.38	100.00%	.....	\$1,406,960.79
OPERATING EXPENSES.						
Maintenance of Way and Structures..	\$ 2,562,345.79	12.58%	\$ 3 033,548.17	13.94%	.....	\$ 471,202.38
Maintenance of Equipment.....	4,100,872.45	20.14	3,899,867.16	17.92	\$201,005.29	
Traffic.....	502,350.45	2.47	519,999.95	2.39	.....	17,649.50
Transportation.....	7,023,098.56	34.49	7,673,980.95	35.25	.....	650,882.39
Miscellaneous Operations.....	5,120.72	.03	.....	.....	5,120.72	
General.....	902,220.32	4.43	991,033.35	4.55	.....	88,813.03
Transportation for Investment—Cr...	12,548.48	.06	14,437.37	.07	.....	1,888.89
Total Operating Expenses...	\$15,083,459.81	74.08%	\$16,103,992.21	73.98%	.....	\$1,020,532.40
NET REVENUE.....	\$ 5,277,719.78	25.92%	\$ 5,664,148.17	26.02%	.....	\$ 386,428.39
TAXES.....	\$ 1,315,676.19	6.46%	\$ 1,072,693.39	4.93%	\$242,982.80	
UNCOLLECTIBLE REVENUES.....	5,523.56	.03	10,405.17	.05	.....	\$ 4,881.61
Total Taxes and Uncollectible Revenues.....	\$ 1,321,199.75	6.49%	\$ 1,083,098.56	4.98%	\$238,101.19	
OPERATING INCOME.....	\$ 3,956,520.03	19.43%	\$ 4,581,049.61	21.04%	.....	\$ 624,529.58
RATIO OF OPERATING EXPENSES AND TAXES TO GROSS REVENUES.....	.....	80.54%	.....	78.91%	1.63%	

OPERATING REVENUES.

General reductions were made in freight rates by order of the Interstate Commerce Commission, as follows:

I. C. C. Docket No. 12929, dated November 21, 1921, and effective January 1, 1922, reducing rates on wheat, hay, straw, and articles taking the same rates, approximately 13 per cent.; on corn, approximately 21.5 per cent.; on rice and rice products, fruits, melons, vegetables, cotton, cotton linters and cotton seed, approximately 10 per cent.; and rates on live stock less than 50 cents per cwt., approximately 10 per cent.

I. C. C. Docket No. 12995, dated January 16, 1922, reducing rates on hardwood lumber approximately 6 per cent., effective April 13, 1922; and on yellow pine lumber when destined to certain points in the States of Illinois, Indiana, Kentucky, Michigan, New York, Ohio, West Virginia and Wisconsin, approximately 6 per cent., effective May 16, 1922.

I. C. C. Docket No. 13293, dated June 9, 1922, and effective July 1, 1922, reducing rates, including switching rates, on all other classes of freight not previously covered, approximately 10 per cent. This order also increased to 10 per cent. the reductions made under Docket No. 12995.

In addition to the general reductions made pursuant to the above-mentioned orders, there were many reductions in specific rates which materially affected the revenues of your Company.

The estimated changes in gross revenues, produced by these rate adjustments and other causes, are set forth below:

DECREASES IN GROSS REVENUES.

Freight Revenue:		
Due to reduction in rates	\$1,555,666.31	
Net increase due to less long haul traffic, principally wheat and pine lumber, and more short haul traffic yielding higher rates	217,391.33	\$1,338,274.98
Passenger Revenue:		
Due to decline in traffic caused by general business depression during the early part of the year		275,771.25
Mail Revenue:		
Due principally to credit allowed in the previous year for services applicable prior to January 1, 1918..		64,909.26
Switching Revenue:		
Due to reduction in rates	\$ 40,117.63	
Due mainly to decline in switching under contract at Kansas City	58,540.87	98,658.50
Miscellaneous net decreases		6,097.94
Express Revenue:		
Increase due to more traffic and greater proportion of earnings accruing to the Company under express contract		137,764.06
Incidental and Joint Facility:		
Increase due to including in the revenues of the Company, as a joint owner, a proportion of the gross revenues of the Kansas City Terminal Ry. Co. for the current and previous year, by direction of the Interstate Commerce Commission		238,987.08
Net decrease in Gross Revenues		<u>\$1,406,960.79</u>

OPERATING EXPENSES.

The decrease of \$1,020,532.40 in Operating Expenses resulted from the following causes:

DECREASE IN OPERATING EXPENSES.

Maintenance of Way and Structures:

Due to fewer cross ties used in renewals, made possible by improved conditions resulting from the use of treated ties.....	\$136,939.74	
Due to lower price of cross ties.....	77,668.06	
Net increase due to credit in the previous year on account of an adjustment in the value of cross ties on hand	74,304.38	\$140,303.42
Due to decrease in the cost of track labor.....	52,328.96	
Due to heavy repairs of telegraph lines in the previous year	23,003.32	
Due mainly to heavy repairs to wooden trestles in the previous year	98,879.23	
Due to decrease in rail and other track material, by reason of heavy rail renewals in the previous year	68,168.04	
Due to decrease in track labor on account of heavy rail renewals in the previous year and decrease in number of cross ties placed	112,115.29	
Miscellaneous net decreases	8,106.42	
Increase due to including in the operating expenses of the Company, as a joint owner, a proportion of the expenses of the Kansas City Terminal Ry. Co., by direction of the Interstate Commerce Commission.....	31,702.30	\$ 471,202.38

Maintenance of Equipment:

Increase due to miscellaneous expenses incurred by reason of the shopmen's strike.....	\$547,472.55	
Increased cost of locomotive repairs on account of conditions growing out of the strike..	143,782.29	
Increase due to including in the operating expenses of the Company, as a joint owner, a proportion of the expenses of the Kansas City Terminal Ry. Co., by direction of the Interstate Commerce Commission.....	39,661.94	
Miscellaneous net increases.....	4,866.37	
Due to shortage of labor following the strike, viz.:		
Freight car repairmen.....	482,975.87	
Passenger car repairmen.....	51,801.99	201,005.29

Traffic:

Due to expenditures in the previous year for the reissuance of tariffs following rate adjustments in 1920	\$ 12,766.17	
Due to rearrangement of soliciting forces.....	12,777.65	
Miscellaneous net increase.....	7,894.32	17,649.50

Transportation:

Due to reduction in wages and curtailment of station service during the early part of the year.....	\$133,547.24	
Due to curtailment of yard service.....	58,803.65	
Due to curtailment of train service.....	104,936.74	
Due to decrease in the price of fuel.....	\$416,185.36	
Net increase due to greater consumption of fuel brought about by conditions growing out of the shopmen's strike	161,811.68	254,373.68
Due to decrease in casualties	151,943.10	
Due to decrease in cost of insurance.....	35,007.96	
Miscellaneous net decreases	7,969.07	
Increase due to including in the operating expenses of the Company, as a joint owner, a proportion of the expenses of the Kansas City Terminal Ry. Co., by direction of the Interstate Commerce Commission.....	95,699.05	650,882.39

Carried Forward..... \$ 938,728.98

Brought Forward.....		\$ 938,728.98
Miscellaneous Operations:		
Increase due to including in the operating expenses of the Company, as a joint owner, a proportion of the expenses of the Kansas City Terminal Ry. Co., by direction of the Interstate Commerce Commission.....		5,120.72
General:		
Due to lower wages and reduction of general office forces.....	\$ 64,881.85	
Due to decrease in valuation expenses.....	35,432.48	
Increase due to including in the operating expenses of the Company, as a joint owner, a proportion of the expenses of the Kansas City Terminal Ry. Co., by direction of the Interstate Commerce Commission.....	8,381.85	
Miscellaneous net increases.....	3,119.45	88,813.03
Transportation for Investment—Cr.		
Due to decrease in material conveyed in revenue trains for construction purposes.....		1,888.89
Net decrease in Operating Expenses.....		<u>\$1,020,532.40</u>

The regulations of the Interstate Commerce Commission, in effect July 1, 1914, require that when men or materials employed in construction are conveyed in revenue trains, the estimated cost of their transportation shall be credited to operating expenses and charged to the appropriate investment account. No revenue charge was made by the companies against material used in their own operations.

TAXES.

Following is a statement of charges on account of taxes, compared with the preceding year:

	1922	1921	Increase
State, county and municipal taxes.....	\$ 917,402.28	\$ 919,941.16	\$ 2,538.88
Federal income and excess profits taxes.....	379,773.91	135,992.23	243,781.68
Federal capital stock tax.....	18,500.00	16,760.00	1,740.00
Totals.....	<u>\$1,315,676.19</u>	<u>\$1,072,693.39</u>	<u>\$242,982.80</u>

The increase in Federal income and excess profits taxes consists of additional accruals for the year amounting to \$104,327.77, and charges made on account of adjustments in assessments for previous years aggregating \$139,453.91.

REVENUE TONNAGE.

The revenue tonnage movement for the year, as compared with that of the year preceding, was as follows:

For the year ended December 31, 1921.		
Revenue Tons one mile—North.....	804,342,048	
Revenue Tons one mile—South.....	749,166,553	1,553,508,601
For the year ended December 31, 1922.		
Revenue Tons one mile—North.....	883,332,642	
Revenue Tons one mile—South.....	624,382,886	1,507,715,528
Decrease in Revenue Tons one mile.....		<u>45,793,073</u>

WAGE ADJUSTMENTS.

Decisions ordering adjustments in wages were rendered by the United States Railroad Labor Board, as below stated:

On May 25, 1923, Decision No. 1028, covering a decrease in wages effective July 1, 1922, of maintenance of way and structures mechanics and helpers (except those coming within the scope of shop craft agreements), track laborers, other maintenance of way and structures employes and shop laborers, amounting on the average approximately to 12.72 per cent. The decreases ordered under this decision were restored in part, however, by Decision No. 1267, issued on October 21, 1922, effective October 16, 1922, ordering an increase in wages of track and other maintenance of way and structures laborers, amounting on the average approximately to 6.14 per cent. It is estimated that, due to these two decisions, the pay rolls of your Company for the year were reduced to the extent of \$61,268.00.

On June 5, 1922, Decision No. 1036, covering a decrease in wages effective July 1, 1922, applicable to all mechanical department craftsmen. This decrease amounted approximately to 11.28 per cent., and the extent of the resultant decrease in your Company's pay rolls is estimated at \$195,276.00 per annum. This decision was not accepted by mechanical department employes, resulting in a nation-wide strike of those employes which is mentioned elsewhere in this report.

On June 10, 1922, Decision No. 1074, covering a decrease in wages effective July 1, 1922, of clerical and station forces, stationary engine and boiler room employes, and employes in the signal department, amounting approximately to 5.17 per cent. It is estimated that this decision, as applied on your lines, reduced the pay rolls for the year to the extent of \$22,140.00.

COST OF SUPPLIES.

There was a continued recession in the prices of supplies consumed in operation and of materials used in construction and maintenance. The price of coal underwent a decline of 3.17 per cent., while that of fuel oil declined 27.41 per cent. The appended exhibit shows the approximate average changes in the costs of principal materials in comparison with the preceding year.

DESCRIPTION OF MATERIAL.

MAINTENANCE OF WAY AND STRUCTURES:	Decrease
Angle Bars.....	11.6%
Anti-Creepers—Rail.....	....
Bolts—Treated Track.....	11.9
Cattle Guards—Steel.....	7.5
Cross Ties—White Oak.....	13.7
Frogs, Crossings and Switch Material.....	5.1
Hand Cars.....	5.2
Lumber—White Oak.....	28.0
Lumber—Yellow Pine.....	20.0
Paint—Bridge and Metal.....	12.1
Paint—Depot and Building.....	1.3
Push Cars.....	5.2
Rail—Standard Open Hearth.....	13.2
Roofing—Texaco.....	11.9
Shingles—Cypress.....	24.5
Shovels—Track.....	....
Spikes—Track.....	13.8
Tie Plates.....	.4
Tools—Roadway.....	28.5
Wire—Barbed.....	10.2
Wire—Woven.....	8.5

MAINTENANCE OF EQUIPMENT:

Air Brake Hose.....	22.6%
Air Brake Material.....	22.6
Asbestos and Magnesia Material.....	39.4
Axles—Engine.....	18.8
Babbitt.....	.1
Belting—Leather.....	12.0
Bolts—Machine.....	15.7
Brake Beams—Metal, Freight.....	17.6
Brick—Fire.....	6.6
Brooms.....	16.4
Brushes.....	6.6*
Car and Locomotive Replacers.....	7.5
Castings—Grey Iron.....	25.5
Castings—Malleable Iron.....	5.6
Castings—Steel.....	15.4
Copper—Sheet.....	9.4
Copper Ferrules.....	25.8
Couplers.....	16.9
Flues.....	11.0
Iron—Merchants Bar.....	13.8
Iron—Staybolt.....	20.0
Journal Boxes.....	9.7
Lumber—White Oak.....	28.1
Lumber—Yellow Pine.....	20.0
Nails—Common Wire.....	21.4
Nuts—Hot Pressed.....	12.2
Paint—Freight Car.....	9.5
Pipe—Merchants Black Steel.....	5.0
Rivets.....	2.0
Roofing—Galvanized Car.....	5.7
Springs—Elliptical.....	10.5
Springs—Helical.....	17.6
Steel—Fire Box Sheet.....	5.8
Steel—Tank Sheet.....	20.6
Tires—Locomotive Driving.....	12.6
Tools—Shop.....	8.0
Upholstering Material.....	7.5
Waste—Cotton Colored, No. 1.....	24.7
Wheels—Cast.....	1.9

(*) Increase.

CONDITION OF EQUIPMENT.

The programme for the rehabilitation of freight car equipment mentioned in the preceding annual report was carried forward. Although this work was interrupted by the strike of mechanical department employees on July 1, 1922, within the year 1,108 cars were put into good condition, while 80 were retired and their value was written out of the property account.

The condition of the passenger and freight car equipment was on December 31, 1922, substantially as good as on July 1, but in the locomotive equipment it is estimated there remains some \$110,000.00 of deferred maintenance, which will be taken care of as the engines come in for general repairs and will be entirely overcome by October 1, 1923.

The use of water-treating plants installed on the first district between Kansas City and Pittsburg the previous year, and the heavy firebox repair work done in the first half year, were of inestimable value in locomotive and train operation during the strike period.

MILES OF RAILROAD.

The track mileage of your Company at the end of the year was as below stated:

MAIN LINE:			
Kansas City, Mo., to Belt Junction, Mo.....	12.01		
Grandview, Mo., to Port Arthur, Tex.....	765.05	777.06 miles	
SECOND TRACK:			
Between Second and Wyandotte Streets, Kansas City, Mo., and Air Line Junction, Mo.	5.41		
Pittsburg Yards.....	1.32		
Between DeQueen, Ark., and Neal Springs, Ark.....	8.45	15.18 "	
BRANCHES:			
Spiro, Okla., to Fort Smith, Ark.....	16.44		
Jenson, Ark., to Bonanza Mine.....	2.83		
Lockport Junction, La., to Lockport, La.....	4.03		
DeQuincy, La., to Lake Charles, La.....	22.59		
Asbury, Mo., to Lawton, Kas.....	5.16	51.05 "	
YARD, TERMINAL AND SIDE TRACKS:			
North of Belt Junction, Mo., and in and about Kansas City.....	85.95		
All other Yard, Terminal and Side Tracks.....	348.82	434.77 "	
Total owned or controlled.....		1,278.06 miles	
OPERATED UNDER TRACKAGE RIGHTS:			
Tracks of the St. Louis-San Francisco Railway Co., between Belt Junction, Mo., and Grandview, Mo., used under contract:			
Main Line.....	10.96		
Side Tracks.....	2.33		
Tracks of the Kansas City Terminal Railway Co., between Union Station at Kansas City, Mo., and Sheffield, Mo., used under joint contract:			
First Main Track.....	5.31		
Second Main Track.....	5.11		
Tracks of the Missouri Pacific Railroad Co., between Troost Avenue and Santa Fe Street, Kansas City, Mo., used under contract.....			
	1.55	25.26 "	
Total in System.....		1,303.32 miles	

MILEAGE BY STATES.

STATE	OWNED BY THE K. C. S. RY. CO. AND SUBSIDIARY COMPANIES				UNDER TRACKAGE RIGHTS	TOTAL MILEAGE
	Main Line	Second Main Track	Branches	Yard Track and Sidings		
Missouri.....	174.58	5.41	3.29	122.37	25.26	330.91
Kansas.....	18.38	1.32	1.87	52.95	.....	74.52
Arkansas.....	152.92	8.45	4.23	51.06	.....	216.66
Oklahoma.....	127.64	.....	15.04	48.94	.....	191.62
Louisiana.....	222.46	.....	26.62	89.01	.....	338.09
Texas.....	81.08	.....	.....	70.44	.....	151.52
Totals.....	777.06	15.18	51.05	434.77	25.26	1,303.32

The total track mileage of the system was reduced from 1,307.83 to 1,303.32, making a net change of 4.51 miles, which consists of the following items:

DEDUCTIONS:

Yards, Terminal and Side Tracks (net).....	.67 miles
Account relocation of headblock, Second Main Track between Mile Posts 159 and 163.....	.03 "
Account retirement of old Main Line between Mile Posts 159 and 163.....	3.81 "
Total decrease.....	4.51 miles

EQUIPMENT.

The Rolling Equipment owned or otherwise controlled on December 31, 1922, consisted of:

	Owned	Under Trust	Total
LOCOMOTIVES:			
Passenger.....	24	3	27
Freight.....	110	15	125
Switching.....	29	5	34
Totals.....	163	23	186
PASSENGER-TRAIN CARS:			
Coaches.....	29	....	29
Chair Cars.....	25	....	25
Coach and Baggage.....	2	....	2
Coach and Mail.....	1	....	1
Baggage.....	17	....	17
Baggage, Coach and Mail.....	1	....	1
Express and Mail.....	10	....	10
Totals.....	85	....	85
FREIGHT-TRAIN CARS:			
<i>In Commercial Service:</i>			
Box Cars.....	1,758	100	1,858
Furniture.....	211	96	307
Stock.....	272	....	272
Tank.....	225	....	225
Coal.....	102	1,190	1,292
Flat.....	161	197	358
Vinegar Tank.....	....	2	2
Totals.....	2,729	1,585	4,314
<i>In Work Service:</i>			
Box cars.....	294	....	294
Coal.....	1	....	1
Flat.....	82	....	82
Ballast.....	40	....	40
Convertible Coal and Ballast.....	195	....	195
Totals.....	612	....	612
Cabooses.....	78	....	78
WORK EQUIPMENT:			
Business Cars.....	4	....	4
Wrecker Bunk.....	1	....	1
Outfit Coaches.....	8	....	8
Derricks.....	10	....	10
Steam Shovels.....	2	....	2
Slope Levelers.....	2	....	2
Ditchers.....	2	....	2
Pile Drivers.....	2	....	2
Lidgerwoods.....	3	....	3
Totals.....	34	....	34

In addition to this railroad property, its rights of way, real estate, buildings, equipment and appurtenances, the Company controls, by virtue of its ownership of securities, all the property of the following corporations, viz:

THE ARKANSAS WESTERN RAILWAY COMPANY.

A standard-gauge line from Heavener, Oklahoma, to Waldron, Arkansas, 32.33 miles, together with rights of way, buildings and appurtenances; controlled by your Company through ownership of all the capital stock and bonds.

THE POTEAU VALLEY RAILROAD COMPANY.

A standard-gauge line from Shady Point, Oklahoma, to Calhoun, Oklahoma, 6.67 miles, together with rights of way, buildings and appurtenances; controlled by your Company through ownership of all the capital stock. No bonds have been issued or authorized.

THE KANSAS CITY, SHREVEPORT & GULF TERMINAL COMPANY.

Union depot property at Shreveport, Louisiana, including its real estate, buildings and 1.66 mile of yard and terminal track; controlled by your Company through ownership of all the capital stock and \$24,000.00 face amount of bonds.

PORT ARTHUR CANAL & DOCK COMPANY.

Lands, slips, docks, wharves, warehouses, one grain elevator (capacity 500,000 bushels), etc., all at Port Arthur, Texas; controlled by your Company through ownership of all the capital stock and bonds.

THE K. C. S. ELEVATOR COMPANY.

One grain elevator, of capacity 650,000 bushels, situated at Kansas City, Missouri; controlled by your Company through ownership of all the capital stock. No bonds have been issued or authorized.

During the year work was commenced on the construction of additional storage tanks of 420,000 bushels capacity, estimated to cost \$123,036.40, increasing the total capacity to 1,070,000 bushels. The construction is to be financed by the lessee of the elevator, and refund will be made as earnings accrue from the business handled, which is expected to increase considerably.

ADDITIONS AND BETTERMENTS.

Net expenditures were made from current funds for Additions and Betterments to road and equipment in the amounts following:

For Road.....	\$739,907.09	
For Equipment.....	193,561.69	
For Miscellaneous.....	874.17	\$934,342.95
		<hr/>

A classified schedule of such expenditures is presented in the statistical section of this report.

The bridges, trestles and culverts of your road were improved by reducing the length of trestles from 64,443 feet to 64,092 feet; increasing the number of cast iron pipe culverts from 607 to 609, and by increasing the number of concrete pipe culverts from 149 to 164. A table showing the progressive improvements made in bridges and culverts from June 30, 1900, to December 31, 1922, appears in the statistical section.

The ballasting was reinforced in various locations at a cost of \$19,427.02. The condition of your main line with respect to ballast at the end of the year is shown by the succeeding tabulation:

Section of 6 inches or more under ties	697.76 miles
Section of less than 6 inches under ties	79.30 "
Total main line mileage owned	777.06 miles

Rail was laid in substitution for lighter sections, viz.: between Air Line Junction and Belt Junction, Missouri, laid with new 85-pound rail to replace 80-pound steel, 6.42 miles; at Shreveport, Louisiana, laid with 85-pound rail to replace 60-pound steel, .62 mile. The weights of rail in your main line at the end of the year are shown by the succeeding tabulation:

Rail weighing 85 pounds per yard	739.41 miles
Rail weighing 80 pounds per yard	34.18 "
Rail weighing less than 80 pounds per yard	3.47 "
Total main line mileage owned	777.06 miles

Work upon the schedule for the reinforcement of track through the application of tie plates, with a view to stability, permanence and economy of maintenance, was continued, the sum expended for this purpose being \$44,961.66.

New station buildings, required by public authority or made necessary by the demands of traffic, have been erected at the following locations. The expenditures for these facilities were as below stated:

Worland, Mo.....	\$ 53.31	
Neosho, Mo.....	23,519.56	
Noel, Mo.....	13,646.96	
Florien, La.....	6,549.71	
Pickering, La.....	4,969.75	\$48,739.29

The shop improvements at Pittsburg, Kansas, mentioned in the preceding annual report were carried forward, the expenditures for these improved facilities being as below stated:

Land for enlarged facilities	\$32,115.24	
Improvements to power plant, including new 350 H. P. boiler, coal pulverizing equipment, 500 K. W. generator, air compressor, foundations, etc.....	85,013.92	
New machinery and tools	943.29	
Extension to machine shop	9,779.65	
Extension to blacksmith shop	4,760.44	
New buildings for Bridges and Buildings and Road Departments	1,317.96	
Additional tracks in shop yards	1,774.49	
Sewers	139.25	\$135,844.24

The expenditures for additions and betterments include the cost of a number of new sidings to serve industries not heretofore reached by your tracks, and to accommodate new industries in process of establishment.

The following is a list of such industry tracks, some of which have been completed, and others are in course of construction:

NEW TRACKS TO SERVE NEW INDUSTRIES.

COMPLETED:

Singer Commission Co.....	Kansas City, Mo.
George J. Miller and others.....	Kansas City, Mo.
Nichols Wire & Sheet Co.....	Joplin, Mo.
Sevier County Growers Cooperative Marketing Associations.....	DeQueen, Ark.
R. A. Gibson.....	Neal Springs, Ark.
The Texas Co.....	Texarkana, Tex.
Caddo Parish.....	Mile 518.
D'Artois Refining Co.....	Cedar Grove, La.
Various Industries.....	Beaumont, Tex.

UNCOMPLETED:

Kansas City Cold Storage & Warehouse Co.....	Kansas City, Mo.
Mechanics Lumber Co.....	Fort Smith, Ark.
Ferd Brenner Lumber Co.....	Mile 632.

NEW TRACKS TO SERVE EXISTING INDUSTRIES.

COMPLETED:

Centropolis Fuel, Iron & Metal Co.....	Kansas City, Mo.
Hoyland Flour Mills Co.....	Kansas City, Mo.
N. & S. Coal Co.....	Mile 78.
Mulberry Coal Co.....	Ardath, Mo.
Bates Smokeless Coal Co.....	Bates, Ark.
Red River Stave Co.....	Christman Spur, Ark.
City Ice & Storage Co.....	Sheffield, Mo.

In addition to the foregoing, these new industries have located on existing tracks of the Company:

Producers Coal Co.....	Kansas City, Mo.
Harlan & Harlan Machine Works.....	Kansas City, Mo.
Adams Transfer Co.....	Kansas City, Mo.
U. S. Rubber Co.....	Kansas City, Mo.
Missouri Walnut Lumber Co.....	Kansas City, Mo.
Raven Block Coal Co.....	Mulberry, Mo.
Crane Co.....	Fort Smith, Ark.
Twin City Glass Co.....	Fort Smith, Ark.
Hatfield Lumber & Mill Co.....	Hatfield, Ark.
H. P. Greer.....	Neal Springs, Ark.
Nichols Wire & Sheet Co.....	Texarkana, Tex.
Cumberland Telephone & Telegraph Co.....	Shreveport, La.
O. F. Moore.....	Noble, La.
Shreveport Mill & Elevator Co.....	DeRidder, La.

The following new industries, included in the above list, are worthy of special mention:

SINGER COMMISSION COMPANY, KANSAS CITY, MISSOURI:

The Commission Company erected a modern cold storage building 80 x 100 feet, five stories and basement, upon the property it owns at Second Street and Grand Avenue. The building will accommodate 250 carloads, and it is estimated that the total business will amount to 1,000 cars per year. The industry track which was installed will hold 4 cars.

KANSAS CITY COLD STORAGE & WAREHOUSE COMPANY, KANSAS CITY, MISSOURI:

The Cold Storage Company purchased a piece of property one block wide by a block and a half long in the vicinity of Third and Oak Streets on your tracks, at a cost approximating \$250,000.00. Upon this property it has erected the first unit of the plant, at a cost of about \$1,500,000.00. The location was selected after a most careful consideration of all available sites in the city.

The first unit has a capacity of 30,000,000 pounds, or 4,000,000 cubic feet. Incident to the cold storage process, the company has an ice plant of 100,000 tons capacity per year and ice storage of 11,000 tons. The building is eight stories high, and all floors are refrigerated. The capacity of your tracks serving the plant is 18 cars. The docks of the plant will accommodate 50 teams at one time. The new plant was opened for business November 23, 1922.

Improvements to existing equipment, made at a cost of \$55,214.87, consisted mainly in the following:

Locomotives—Application of piston valve cylinders, superheaters, universal valve chests and cabs for front brakemen.
Freight-train Cars—Application of metal draft arms, metal earlines, improved draft gear and end reinforcement.
Passenger-train Cars—Application of steel underframes and rolled steel wheels.
Work Cars—Heavier bolsters and improved draft gear.

REFUNDING AND IMPROVEMENT MORTGAGE BONDS.

There was no change in the situation with respect to the Refunding and Improvement Mortgage Bonds authorized by the stockholders June 29, 1909. The status in that regard at the end of the year was as follows:

Total authorized issue.....	\$21,000,000.00
Issued and sold.....	18,000,000.00
Unissued December 31, 1922.....	<u>\$ 3,000,000.00</u>

EQUIPMENT TRUSTS.

The aggregate face amount of Equipment Trust Notes outstanding December 31, 1922, was as below set forth:

Series 'D,' dated December 15, 1912.		
Balance last reported.....	\$372,000.00	
Paid during the year.....	124,000.00	\$ 248,000.00
<hr/>		
Trust No. 34, dated January 15, 1920.		
Balance last reported.....	890,400.00	
Paid during the year.....	63,600.00	826,800.00
<hr/>		
Total.....		<u>\$1,074,800.00</u>

DEPRECIATION RESERVE FUND.

Moneys equalling the amount of charges to operating expenses representing the so-called depreciation of equipment, and for the amortization of equipment retired and of property abandoned in connection with improvements, together with proceeds from the sale of obsolete equipment, are deposited in a special fund set aside for additions to and betterments of your property. The total amount so deposited, and withdrawals therefrom, are shown by the statement following:

DEPOSITS.

Charges for Depreciation of Equipment:			
From June 1, 1916, to December 31, 1917.....	\$215,923.27		
From March 1, 1920, to December 31, 1921.....	400,086.09		
From January 1, 1922, to December 31, 1922.....	229,550.67	\$	845,560.03
Charges for Amortization of Retired Equipment:			
From March 1, 1920, to December 31, 1921.....	\$ 79,251.98		
From January 1, 1922, to December 31, 1922.....	59,957.72		139,209.70
Charges for Amortization of Abandoned Property:			
From March 1, 1920, to December 31, 1921.....	\$164,987.90		
From January 1, 1922, to December 31, 1922.....	89,993.40		254,981.30
Proceeds from Sale of Obsolete Equipment.....			165,926.00
Interest on Bank Balances and Loans from Fund:			
From June 1, 1916, to December 31, 1921.....	\$ 9,681.33		
From January 1, 1922, to December 31, 1922.....	5,789.68		15,471.01
Total.....			\$1,421,148.04

WITHDRAWALS.

Payments for New Equipment:			
From June 1, 1916, to December 31, 1921.....	\$391,530.60		
Improvements to Existing Equipment:			
From June 1, 1916, to December 31, 1921.....	\$120,440.29		
From January 1, 1922, to December 31, 1922.....	302,396.38		422,836.67
Shop Improvements:			
From January 1, 1922, to December 31, 1922.....	103,822.11		918,189.38
Balance December 31, 1922.....		\$	502,958.66

The above statement excludes the depreciation reserve created by the Federal management through charges to maintenance during Federal control. That reserve at the termination of Federal control, including adjustments to December 31, 1922, was as below stated:

Steam Locomotives.....	\$184,674.38		
Freight-train Cars.....	151,397.30		
Passenger-train Cars.....	18,115.84		
Work Equipment.....	8,935.05	\$363,122.57	

This amount stands in the corporate accounts as a charge against the Railroad Administration.

SHOPMEN'S STRIKE.

During the period of Federal control, the Director General of Railroads actively promoted the organization of the employes into labor unions, and negotiated contracts with them covering wages and rules governing working conditions.

In the shops these organizations included:

International Association of Machinists;
 International Brotherhood of Boilermakers, Iron Ship Builders and Helpers of America;
 International Brotherhood of Blacksmiths and Helpers;
 Amalgamated Sheet Metal Workers' International Alliance;
 International Brotherhood of Electrical Workers;
 Brotherhood of Railway Carmen of America.

These were associated as the Railway Employees Department of the American Federation of Labor, with Mr. A. O. Wharton as President. Upon Mr. Wharton's appointment as a member of the United States Railroad Labor Board, he was succeeded by Mr. B. M. Jewell.

The agreements providing for rules governing working conditions were entered into on September 20, 1919. These expired with the return of the roads, but the Labor Board ordered their continuance until it could look into the matter; and finally, on November 29, 1921, the Board approved 186 rules, including substantially all provisions of the original agreements, the number being slightly reduced by some consolidations.

At the time the roads were returned, the Director General was in negotiation with these organizations upon the question of wages, and they immediately brought the matter before the Labor Board, which, on July 20, 1920, handed down its decision increasing their wages approximately 20 per cent., retroactive to May 1, 1920.

In the spring of 1921, business having sharply fallen off and there being a general decline in wages and prices of material, the railroads filed petitions with the Labor Board for a general reduction in wages, and on June 1, 1921, the Board rendered a decision reducing wages about 10.6 per cent. The decline continuing, further applications were made in the latter part of 1921, which the Labor Board decided to hear at intervals, dividing the employees into three groups and taking up first the shop crafts. After preliminary hearing, it rendered its decision on June 5, 1922, effective July 1, 1922, reducing wages about 10 per cent., whereupon these labor organizations served the following notice on the Labor Board:

Your decisions have been submitted to a strike vote of our members and we are awaiting the results of their action. Should our members decide not to accept your decision, or, in other words to strike, we shall sanction their action, and advise you accordingly.

The Railroad Labor Board called a public hearing on June 29, 1922, and cited to appear thereat Mr. Jewell and the Presidents of the Shop Crafts' organizations, as well as the Presidents of various railroads. Mr. Jewell refused to respond to this citation and at the hearing Governor Hooper, Chairman of the Board, stated as follows:

So far as Mr. Jewell is concerned, let his blood be on his own head. Mr. Jewell has flouted a government tribunal, charged with the duty and responsibility to investigate this matter, not only in the interests of the public, but in the interests of his own organizations, and the interests of the carriers the railway transportation system of this country. He has shouldered the responsibility of his own volition, and the Board desires to pursue the matter no further.

At 10:00 A. M., on July 1, 1922, without notice to this Company, the shopmen quit its service. Subsequently, on July 3, 1922, the Labor Board adopted a resolution in which it stated:

Now, therefore, be it resolved, that it be communicated to the carriers and the employees remaining in the service and the new employees succeeding those who have left the service to take steps as soon as practicable to perfect on each carrier such organizations as may be deemed necessary for the purposes above mentioned (to function in the representation of said employees before the Railroad Labor Board, in order that the effectiveness of the Transportation Act may be maintained), and

Be it further resolved, that, on any carrier, where either of the above named organizations, by reason of its membership severing their connection with the carriers, ceases to represent its class of employees, procedure similar to that above suggested in the case of the shop crafts is recommended, and

Be it further resolved, that the employees remaining in the service and the new ones entering same, be accorded the application and benefit of the outstanding wage and rule decisions of the Railroad Labor Board, until they are amended or modified by agreements with said employees, arrived at in conformity with the Transportation Act, or by decision of this Board, and

Be it further resolved, that, if it be assumed that the employees who leave the service of the carrier because of their dissatisfaction with any decisions of the Labor Board are within their rights in so doing, it must likewise be conceded that the men who remain in the service and those who enter it anew are within their rights in accepting such employment, that they are not strike-breakers seeking to impose the arbitrary will of an employer on employees; that they have the moral as well as the legal right to engage in such service of the American public, to avoid interruption of indispensable railway transportation, and that they are entitled to the protection of every department and branch of the government, State and National.

On July 11, 1922, President Harding issued a proclamation in which he said:

WHEREAS, The United States Railroad Labor Board is an agency of the government, created by law and charged with the duty of adjusting disputes between railroad operators and employees engaged in interstate commerce; and

* * * * *

NOW, THEREFORE, I, WARREN G. HARDING, PRESIDENT OF THE UNITED STATES, Do hereby make proclamation, directing all persons to refrain from all interference with the lawful efforts to maintain interstate transportation and the carrying of the United States mails.

These activities and the maintained supremacy of the law are the first obligation of the government and all the citizens of our country. Therefore, I invite the co-operation of all public authorities, state and municipal, and the aid of all good citizens to uphold the laws and to preserve the public peace, and to facilitate those operations in safety which are essential to life and liberty, and the security of property and our common public welfare.

There were prior to July 1, 1922, on the Company's rolls in these occupations 61 foremen and 1,098 men. Of these 41 foremen and 11 men remained loyal and continued in the service. Other shop employes, numbering approximately 240, belonging to organizations which did not call a strike, also left the service on July 1, on a sympathetic strike. The vacancies were filled as rapidly as possible and by November 15, 1922, a full quota of men had been engaged.

The strike was accompanied by the usual turbulence and violence, it being necessary for their protection to house the men in temporary barracks, similar to those used by the troops being assembled for the late war, and located within the shop grounds. The police force of the Company was largely augmented and supplemented by United States Marshals. In connection with his application of September 1, 1922, for an injunction restraining these organizations and their members from illegal acts, the Attorney General alleged:

Since the commencement of the present railroad strike acts of depredation have been committed in practically every State and judicial district in the United States. The efforts of the perpetrators are concentrated upon two ends—destruction and intimidation. The means to attain these ends are almost indescribable. In fact, one must believe that anything suggested to the imagination of the vandals or their conspirators was immediately put into effect.

The venom of the participants in the strike has not ceased with ordinary assaults, bombing, dynamiting, wrecking of trains, or minor depredations, but has been in many instances satisfied only with taking of human life.

At least twenty-five murders have been reported. Many have indirectly met their death or been fatally injured through strike causes, and these results were not confined solely to those opposing the views of the shopmen now on strike. Many were men, women and children whose only purpose was to travel from one point to another, sometimes because of necessity and sometimes for pleasure, but always with no thought of entering into the controversy. . . . Dynamiting, bombing, setting fire to railroad property and bridges are a few of the most dangerous means adopted against the railroad companies.

Many derailments have occurred. The general scheme adopted has been to remove spikes from the tracks, often on curves, causing them to spread when subject to the pressure of a train.

The throwing of sticks of dynamite and bombs has come to be more than daily occurrences. At least 100 sticks of dynamite have been used and over thirty bombs thrown. Many of these were not destined for railroad property, some being thrown at workers, and others have exploded on and about their homes and sleeping quarters.

Switches have been tampered with several times, with a clear track showing, trains have run into cars on sidings, blocking tracks and causing considerable damage.

It would be almost impossible to enumerate the various assaults which have been perpetrated. Whippings were resorted to in practically every instance where strikers were able to lay their hands upon those whom the railroads have secured to take their places. When they could not be apprehended stones were thrown at them. Pepper was sometimes thrown in the faces of women accompanying them. Shots were fired and other acts, equally as detestable, were indulged in. Tarring and feathering are included in the list, and in many cases men have been kidnapped, forced into machines, taken a long distance from town, stripped of their clothing and left in outlying points.

These acts were not committed against workers alone. Their families have suffered with them.

The following table gives the estimated increased cost to the Company in carrying on its business under these trying circumstances from the beginning of the strike on July 1, 1922, to December 31, 1922:

Expenses and wages of watchmen, guards and secret service.....	\$157,402.36
Legal expenses.....	3,093.17
Advertising.....	10,419.26
Wages of men in employment offices.....	6,894.27
Expenses of employment offices.....	4,409.75
Tickets for new employes over foreign lines.....	8,251.75
Traveling time allowed new employes.....	2,105.19
Expenses of commissary, including personal supplies and clothing furnished.....	251,012.18
Temporary barracks.....	40,000.00
Traveling expenses.....	7,423.64
Entertainment.....	3,000.62
Maintenance of quarters.....	10,993.54
Rental of tourist cars.....	7,647.50
Proportion of store and shop expenses.....	5,168.87
Miscellaneous.....	24,475.30
Bonus.....	52,500.00
Total.....	\$594,797.40

As against these losses there are to be set off the reduction in wages ordered by the Labor Board, effective July 1, 1922, which will amount annually to about \$178,500.00, and the greatly increased efficiency of the forces due to the improved disciplinary control and the avoidance of union devices having for their object the limitation of output, the making of jobs, etc., which added largely to the expense. A rough estimate of these total savings indicates that they will amount to about \$165,000.00 annually, which, together with the saving in wages, amounts to a total saving of \$343,500.00.

It is with great regret that we contemplate the condition of our former employes, many of whom had been with the property during a long service and with whom our relations generally had been cordial and satisfactory. So far as their relations with the Company are concerned, their annual loss in wages may be put at \$1,800,000.00. Some have found employment with other railroads; some are employed in other occupations, generally at greatly reduced wages; and some are still out of employment. No prudent man would have put so much at hazard for so small a gain, but the lamentable fact is that the organization which these men sought to build up, for what they were led to believe to be necessary protection, had grown into a FRANKENSTEIN that had passed out of their control, and had become their master. Its salaried officers had created a political machine, in which a small inner group, under condi-

tions of voting that made no discrimination between the employe of long service and high technical skill, and the mere apprentice, that afforded no protection to the voter through secrecy of the ballot, nor the protection of a supervised count to secure its accurate determination, had fastened themselves as inexorably upon their followers as had the OLD MAN OF THE SEA upon the neck of Sinbad the Sailor.

From conditions such as these, it seems impossible that the members of these organizations can now, through their unaided efforts, free themselves. The Company, due to the loss which it has sustained, and the government, due to the breaches of the law which it has endured, as well as because of the duties that the one owes to its employes, and the other to its citizens, are alike interested in bringing about a more healthy and tolerable condition. The Company has always been willing to consider applications for employment from men who left the service, on the merits of their individual character and craftsmanship. Men entering the service must as a matter of equity find their place in the logical order of their employment.

This Company has never in any way objected to the principle of collective bargaining, but has been perfectly willing, acting upon the recommendation of the United States Railroad Labor Board of July 3, 1922, posted immediately after the strike, at all times to meet with its employes, either in individual or organized capacity, in promoting the organization of its new employes in their craft occupations. It negotiated with these organizations agreements covering wages and rules governing working conditions and filed them with the Labor Board, and business is being conducted thereunder.

It is the fixed purpose of the Company to promote in every way possible the permanent employment of its new employes, and their convenience and comfort in their working relations.

FEDERAL CONTROL.

Final certification of the standard return in compensation for the use of your property during Federal control is yet deferred. A hearing was had before Division 4 of the Interstate Commerce Commission relative to certain questions of accounting, but the issues have not been definitely settled.

The annual standard return for the properties owned or controlled by the Company, as tentatively certified by the Commission, has been stated in previous reports but is here repeated for convenience:

The Kansas City Southern Railway Co.....		\$3,216,697.65	
Texarkana & Fort Smith Railway Co.....		318,729.68	
The Kansas City, Shreveport & Gulf Terminal Co.....		6,014.66	
Glenn-Pool Tank Line Co.....	\$11,592.22		
Less accrued to Midland Valley Railroad Co.....	2,898.05	8,694.17	\$3,550,136.16
<hr/>			
The Poteau Valley Railroad Co.....	Deficit	\$ 3,232.19	
The Arkansas Western Railway Co.....	"	6,575.51	
Port Arthur Canal & Dock Co.....	"	36,049.44	45,857.14
<hr/>			
Total.....			<u>\$3,504,279.02</u>

The consolidated account of your Company and the Texarkana & Fort Smith Railway Company with the United States Railroad Administration stood thus at December 31, 1922:

CORPORATION DR.			
Liabilities December 31, 1917, paid.....	\$2,771,845.19		
Additions and Betterments.....	1,909,374.50		
Cash Advanced:			
For Interest payments.....	983,856.28		
For Dividend payments.....	420,000.00		
For payment of Liberty Loan Bonds and Treasury Certificates of Indebtedness.....	360,840.11		
Expenses Prior to January 1, 1918.....	658,995.68		
Agents and Conductors balances, Federal, February 29, 1920.....	366.02		
Material and Supplies, Federal, February 29, 1920.....	1,816,933.72		
Leased Rail and Fixtures, Federal, February 29, 1920.....	11,638.33		
Miscellaneous Debits.....	106,647.34	\$9,039,765.13	
Cash advanced from Washington:			
For Interest payments.....	\$3,105,800.00		
For Dividend payments.....	1,260,000.00		
For Equipment Trust payments.....	178,850.00		
For Miscellaneous payments.....	213,350.00	4,758,000.00	\$13,797,765.13
CORPORATION CR.			
Cash on hand and in transit December 31, 1917.....	\$1,950,965.36		
Material and Supplies December 31, 1917.....	1,146,290.11		
Assets December 31, 1917.....	1,254,736.33		
Agents and Conductors balances December 31, 1917.....	338,631.18		
Equipment retired.....	492,202.44		
Revenues Prior to January 1, 1918.....	147,361.10		
Accrued Depreciation—Equipment.....	363,122.57	5,693,309.09	
Balance in favor of U. S. Railroad Administration (Standard Return omitted).....			\$ 8,104,456.04

The above statement excludes the standard return for the twenty-six months of Federal control due from the Railroad Administration and amounting (as tentatively certified) to \$7,660,092.54, interest due to or by the companies on open account balances, interest due the companies on additions and betterments completed subsequent to January 1, 1918, and the value of roadway property retired without replacement. The account is also subject to revision with respect to the quantity of material and supplies returned by the Director General as compared with that delivered to him at the beginning of Federal control.

As heretofore stated, your management contends that the standard return of the several companies for the Federal control period should be measured by the railway operating income, not of the test period, but of the year ended December 31, 1917. The aggregate standard return, if ascertained in accordance with this contention, including interest on additions and betterments completed subsequent to January 1, 1918, and including an adjustment for war taxes, would amount to \$9,606,037.96.

There has been no important development in the status of the claim on account of Federal control since the last annual report. Due to the great number of such claims and the time required for investigation, the claim of your Company has not been reached.

GUARANTY PERIOD.

Settlement of the claim filed with the Interstate Commerce Commission on account of the Guaranty period, under Section 209 of the Transportation Act, 1920, has been delayed pending determination of the standard return. It is understood that, when the standard compensation has been definitely fixed, there will be no further cause for delay in negotiation looking to a settlement.

FEDERAL VALUATION.

There is no change in the status, as reported last year, of the valuation by the Interstate Commerce Commission of your Company's property. The matter is still awaiting the decision, by the Interstate Commerce Commission, of our protest against the tentative final valuation. During the year, however, Congress amended the Valuation Act by providing that it was not incumbent upon the Commission to ascertain and state separately the excess cost of acquisition of lands, by purchase or condemnation, over and above the so-called present value of lands. The amendment was passed, at the request of the Commission, on account of the decision of the Supreme Court in the mandamus suit brought by your Company to compel the Commission to ascertain such excess cost of acquisition, and which was fully explained in the Company's Twenty-Second Annual Report, at page 18. Notwithstanding this change in the Valuation Act, the question still remains to be settled by the courts as to whether, if the value of property is based in whole or in part on the cost of reproduction, this excess cost of acquisition can be excluded.

A vigorous protest is being made against the effort of the Bureau of Valuation to base the value of railway property substantially upon cost of reproduction less depreciation. This formula wholly ignores intangible values, made up of certain elements, such as good will, going concern value, appreciation, etc., which are ordinarily reflected in the earning capacity of a property. Every one knows that a large proportion of the wealth of the country consists of intangible values, and yet it is proposed to omit them from railroad valuations. Good will is defined as "the favor which the management of a business wins from the public and the probability that old customers will continue their patronage." It is a valuable asset, and may be mortgaged, sold or leased in connection with the business, or may descend by the laws of inheritance. The established reputation of a common carrier for efficient and satisfactory service is no less a part of its value than its equipment and fixed property. Going concern value arises in part from the combination and use of units of property into an organized whole in successful operation. With respect to railroad property it means that its valuation is not limited to the mere value of the items of property considered separately, but may include also the special value attributable to their organic relation to the entire system. It is the system, therefore, that should be valued, rather than its separate units. Appreciation includes the increase in value due to impact, adaptation and solidification of roadbed. Every one knows, also, that a seasoned roadbed is more valuable than one newly constructed. The expense of maintenance is less, and trains may be operated safely with greater tonnage and at a higher speed.

None of these elements of intangible value is included in a valuation based upon cost of reproduction less depreciation, and yet they are "private property" within the meaning of the Fifth Amendment to the Constitution, and can not rightfully be taken for public use without just compensation. The protection of the Amendment is not limited to physical property, but extends to intangible as well as tangible property.

A vigorous protest is also being made against the Bureau's practice of deducting so-called depreciation from cost of reproduction new in determining value. We contend that in determining the physical value of a composite railroad property, no deduction for depreciation should be made from its cost of reproduction new, where the loss of service life of its individual units or members is constantly made good by current repairs and renewals, so that, considered as a transportation plant, its efficiency is at all times 100 per cent.

COST OF FEDERAL VALUATION.

	Prior to 1922	1922	Total
Field work.....	\$ 68,824.72	.....	\$ 68,824.72
Valuation orders, Interstate Commerce Commission.....	39,543.09	\$10,442.46	49,985.55
Contributions to Presidents' Conference Committee.....	2,311.17	215.70	2,526.87
Appraisal of real estate.....	22,024.88	.....	22,024.88
General and miscellaneous.....	232,838.30	9,050.25	241,888.55
Totals.....	<u>\$365,342.16</u>	<u>\$19,708.41</u>	<u>\$385,050.57</u>

CONSOLIDATION OF RAILROADS.

The Transportation Act, 1920, amended the Interstate Commerce Act by adding the following as paragraph (4) to Section 5 of the Act:

The Commission shall as soon as practicable prepare and adopt a plan for the consolidation of the railway properties of the continental United States into a limited number of systems. In the division of such railways into such systems under such plan, competition shall be preserved as fully as possible and wherever practicable the existing routes and channels of trade and commerce shall be maintained. Subject to the foregoing requirements, the several systems shall be so arranged that the cost of transportation as between competitive systems and as related to the values of the properties through which the service is rendered shall be the same, so far as practicable, so that these systems can employ uniform rates in the movement of competitive traffic and under efficient management earn substantially the same rate of return upon the value of their respective railway properties.

In pursuance of this legislation, the Commission, on August 3, 1921, issued its tentative plan for the consolidation of the railroads into a limited number of systems, and placed the lines of your Company in System No. 19, which is termed the Chicago-Missouri Pacific System and is made up of the following carriers:

Chicago & Eastern Illinois Railway Company.
Missouri Pacific Railroad Company.
The Kansas City Southern Railway Company.
Kansas City, Mexico & Orient Railroad Company.
Kansas, Oklahoma & Gulf Railway Company.
The Texas & Pacific Railway Company.
Fort Smith & Western Railroad Company.
Louisiana & Arkansas Railway Company.
Gulf Coast Lines.
International-Great Northern Railway Company.

Hearings are being held with regard to this tentative plan of the Commission. It is the purpose of your Company to oppose the inclusion of its lines in the above system, and in fact, to oppose any plan for consolidation such as that set forth in the Commission's tentative plan. Your Company intends to show that the plan will not accomplish its main purpose of securing systems of substantially equal strength and earning power, but on the contrary that there will be practically as wide variations in the earning power of these various systems as there is at present between that of the different railroad companies.

Your management is of opinion that the plan now proposed will, in many communities, entirely destroy railroad competition, and in others will very substantially reduce it; that it will disrupt long established transportation relationships between various communities, and that it involves questions of fully as great importance to the country as to the railroads. The scheme is so socialistic and so revolutionary, and may involve such grave consequences to investors in railroad securities, to shippers and to the general public, that it is extremely doubtful whether any ready-made plan of consolidation should be adopted, or in fact, any consolidations, except those which are gradually worked out in the natural development of transportation systems.

OTHER LEGAL MATTERS.

Mention was made in the last two annual reports of a question pending before the Commissioner of Internal Revenue, with regard to the liability of the Company for excess profits taxes under its income tax return for the year 1917. This matter was adjusted upon what appeared to be a fair basis, and the additional tax has been paid.

The Company has been engaged for some time in contesting, especially in the State of Arkansas, very heavy discriminatory assessments against it, as compared with other property owners, for the construction of roads, levees and other public improvements. In some cases, more than 50 per cent. of the cost of the public improvement was assessed against your Company, although it was very questionable whether your Company would receive any direct benefit from the improvement, and in any event, the benefit was very small. In the case of *The Kansas City Southern Railway Company v. Road Improvement District No. 6*, 256 U. S. 658, the Supreme Court of the United States held such an assessment void on account of the discrimination against your Company. Other cases involving similar questions are pending in the courts.

During the shopmen's strike, your Company found it necessary to file injunction suits against the striking shopment in the States of Missouri, Arkansas, Oklahoma and Louisiana, in order to prevent them from interfering with the operations of the Company and to protect its new employes and property from violence.

REVIEW AND OUTLOOK.

Chairman L. F. Loree delivered an address before the Knife and Fork Club at Kansas City on March 8, wherein he recounted the aims of the management when it assumed control, traced their fulfillment to the present stage, and made a comprehensive survey of problems now confronting the industry. In the belief that his remarks may prove interesting to stockholders and others, they are introduced here without abbreviation. The Chairman said:

Mr. Charles S. Fairchild, who was the Secretary of the Treasury under Grover Cleveland, once told me that when he was confronted with a particularly puzzling question of finance it was his custom to retire to the seclusion of his library, imagine himself on a small island isolated from all communication with other communities, and inhabited by no more than 50 families. He then tried to think out how the several suggestions made would work there, confident that the experience of the whole country would be no different from that of his microcosm.

I suggest, therefore, that instead of contemplating the railroad problem—the provision of adequate and sufficient transportation service upon reasonable terms—as involved in the 261,873 miles of line in the United States, that you think it out in terms of the Kansas City Southern Railway, less than 1,000 miles long, originating in your city, whose officers are your fellow citizens.

In the spring of 1904 I met here in Kansas City a representative group of its leading business men. Mr. William R. Nelson, then owner of the Kansas City Star and active in your affairs, took me to one side and impressed upon me that what Kansas City wanted was a railroad that it could regard as its own, and that any road that would establish its headquarters here and become a part of this community would receive aid and support of the community.

Such a road the Kansas City Southern, with due modesty, claims to be, and as such it makes its appeal to you for "aid and comfort."

What I have in mind to do is to explain the Kansas City Southern Railway to you.

I have sometimes thought that one reason why the railroad officer so fails to get his arguments considered is that he relies too much upon the statistics that are the familiar tools of his day's work, but which, clothed in highly technical nomenclature, representing involved calculations and being voluminous in mass, are not readily comprehended or remembered. But as the sacred volume says, "The hand of the dyer is subdued to his craft"; and it must be that if I talk of the railroad I must talk of it in the terms of its different parts and its several activities, and I can do no more than to avoid so far as is possible an appeal to statistics' subtle aid.

Its beginnings and early struggles.

The Kansas City Southern Railway was, I believe, a conception of Mr. Arthur Stilwell, whose purpose it was to bring Kansas City into connection with the Gulf of Mexico by the shortest practicable route.

He obtained a charter from the State of Missouri on January 26, 1893, and, being already in control of the Kansas City Suburban Belt, leased the terminal road to the new company. Partly by new construction, partly by the purchase of small lines already in operation, and utilizing separate charters in Louisiana and Texas, the road was completed and opened for operation on September 11, 1897. The difficulties both of location and construction had been very considerable. The interval to be occupied between the Missouri Pacific and St. Louis-San Francisco from Kansas City to Pittsburg was narrow, about 25 miles. The traffic necessity of serving the considerable mining center of Joplin and the prior occupation of the Grand River Valley by the Missouri, Kansas & Texas forced the line well up upon the western side of the Ozark Mountains, and the main range had to be crossed at Mena. The country was heavily timbered, roads were few and exploration difficult. There were something more than the average number of river crossings, those over the Arkansas and Red Rivers particularly costly; the bottom lands of the latter subject to overflow, and, including the Caddo Lake morass, adding to the expense.

If we consider the difficulties of raising capital; the country just recovering from the panic of 1893 and torn by the political conflict over the gold standard in 1896; the character of the physical geography; the sparseness of population and lack of local business; we must, I think, be attracted by the courage and resource of the enterprisers rather than by their mistakes; mistakes not substantially different, either in character or number, than those of others in this field of enterprise. Scarcely was the road opened for business when it was forced into the hands of the courts by its creditors on April 1, 1899. It was operated by receivers until turned over to the purchasers under foreclosure on April 1, 1900. The reorganization was effected by men not particularly skilled in finance and the measures they adopted have subsequently somewhat restricted freedom of action. The control was placed in the hands of five voting trustees and upon their relinquishing their office on June 1, 1905, the property passed into the hands of its present owners, who have since then exercised their responsibilities through their direct representatives.

As the foregoing history will have indicated, the traffic was thin, 887,108 tons being hauled one mile per mile of road in the year 1905; the bridges were light, having been built to a Cooper E-31 loading; the rail was light, 60 and 56 pounds per yard and badly surface-bent because laid on dirt ballast; sidings, yard and terminal facilities were inadequate; the freight cars were small; the cars in passenger service the second-hand offerings of older roads; while the locomotives were light, averaging about 51 tons weight on drivers; the grades on no division less than 1 per cent. and rising in the mountains to 1.8 per cent.

The new owners proceeded at once to deal energetically with these conditions, first in overcoming the more outstanding defects; while careful, minute and painstaking study was made of the problems of maintenance, operation and traffic; and the services of an expert engineer of a national reputation and wide experience, supplemented by a large field force, were secured to study the possibility and cost of grade reductions. These studies extended over 1906 and 1907, and the conclusions reached have been closely adhered to in the subsequent development.

The road as it is today: Eighty-five pound rails; steel bridges, concrete and iron culverts, extended sidings, adequate terminals.

In the modernization of the property, the roadbed both in cuts and on fills has been widened to a standard cross section, and much attention has been given to surface and sub-drainage, especially in the gumbo soil of Missouri. The line has been relaid throughout with rail 85 pounds per yard, and with the improvement of the condition of the main line rail has gone a corresponding improvement in that of yards and sidings. Each year a substantial percentage of the cross ties used has been subjected to preservative treatment, until now 51 per cent. of the cross ties in main track are treated ties. Ninety per cent. of the line has been raised six to twelve inches on gravel

or chatt ballast, while some material has already been applied to the remaining 10 per cent. The line and surface, and generally the maintenance of the track, will now compare favorably with other lines in the Southwestern territory.

A carefully maintained bridge program has been followed, looking to a reduction in the number and length of wooden trestle openings and to the strengthening of all bridges to permit heavier loading. The table following shows that 164 concrete pipe culverts have been installed, the number of iron pipe culverts has been increased by 376, and of masonry culverts by 352. Steel bridges have been increased in number 83 and in length 3,978 feet, while wooden trestles have been reduced in number 273 and in length 32,285 feet:

	1905		1922	
	Number	Length	Number	Length
Steel bridges.....	231	19,225	314	23,203
Concrete bridges.....	...	.....	2	225
Wooden bridges.....	3	66	...	.....
Combination bridges.....	3	213	1	87
Trestles.....	593	96,377	320	64,092
Masonry culverts.....	354	.....	706	.....
Iron pipe culverts.....	233	.....	609	.....
Concrete pipe culverts.....	...	.....	164	.....

Thirty-six of the trestles are now of the ballasted deck type and aggregate in length 10,167 feet, while these and 126, with a length of 26,107 feet, are creosoted timber. The new bridges have been built for a loading of Cooper E-50, and two are of large size, one over the Kaw, built in 1917, costing \$225,000.00, and one over the Arkansas, now under construction, estimated to cost \$270,000.00.

The passing sidings have been progressively extended, their total having been lengthened 34 per cent., until this work is now about two-thirds completed, and they will now chamber the longest trains moved by the heaviest power over the lowest grades.

The water and coaling stations have been revised to suit the changed conditions of traffic, twenty-two 50,000-gallon steel water tanks have been erected, water treating plants have been installed where water conditions are bad, and five gravity coaling tipples, as well as adequate facilities for storing and delivering oil fuel to locomotives, have been built; \$160,000.00 having been recently spent to enable the use of Mexican oil.

Permanent stations of attractive design and adequate size have been constructed at Drexel, Amsterdam, Anderson, Sulphur Springs, Siloam Springs, Watts, Stilwell, Sallisaw, Spiro, Mena, Vivian, Leesville, DeRidder and Beaumont. The stations at Port Arthur and Shreveport have been enlarged and reconstructed at a respective cost of \$51,754.00 and \$125,000.00, while new stations are being built at Neosho and Noel. In addition to these stations, which are solely passenger, or combined passenger and freight, there have been built four freight stations, the most notable located at Eighth and Santa Fe Streets in Kansas City. At Fort Smith, Arkansas, in 1912, a large passenger station was constructed at a cost of \$130,000.00, and is jointly used under contract by the St. Louis-San Francisco. On July 1, 1911, the Joplin Union Depot Company began operation, owned jointly by the Kansas City Southern; Atchison, Topeka & Santa Fe; Missouri, Kansas & Texas; and Missouri & North Arkansas. Besides a modern concrete station with baggage room, dining room, lunch counter and waiting rooms, the Company owns a roundhouse and 6.25 miles of track, the investment being \$656,987.23.

In 1914 the new Union Passenger Station and Terminal Railway at Kansas City, an enterprise on which \$47,591,000.00 have already been expended, was opened to traffic, the Kansas City Southern being a joint owner with 11 other companies, abandoning the use of its own Grand Central Station at Second and Wyandotte Streets.

In 1914 an office building was constructed for occupancy by the Company under a long term lease, six stories in height, located in the heart of the business district of Kansas City, Eleventh and Wyandotte Streets, providing both convenient and attractive quarters for the general offices.

Extensive traffic development in Kansas City and Port Arthur; rearrangement of operating divisions; model shops at Pittsburg and Shreveport, with auxiliaries at Heavener, DeQueen, Leesville and Watts.

In 1916 there was constructed in the East Bottoms at Kansas City, under contract with the Norris Grain Company, a grain elevator of 750,000 bushels capacity, increased in 1918 by 1,000,000 bushels, a total of 1,750,000, and costing \$225,000.00.

At Port Arthur, the southern terminal of the road, extensive improvements have been made to care for the constantly growing business and to keep pace with the improvements by the United States of the waterway, now providing a depth of 27 feet and shortly to be deepened to 30 feet. At No. 1 slip a cotton shed and warehouse has been built. No. 2 slip has been excavated, two warehouses built on its east side; and No. 3 slip has been extended, the loading facilities at the elevator rebuilt and a warehouse erected for the use of the Mexican Dock and Warehouse Company, an extensive fire protection system installed, and the track layouts rearranged.

There are located at Port Arthur two great oil refineries, one, the largest plant of its kind in the world; while at Port Neches, nearby, is a third refinery in operation and two under construction. The company has graded a belt line to parallel the Neches River and serve these industries, 12.8 miles in length, and track has been laid on 9.8 miles.

To enable compliance with the requirements of the so-called 16-hour law, enacted by Congress in 1908, a complete rearrangement of operating divisions was effected and one new one created; three existing engine terminals were abandoned, four new ones were built, the length of the average engine district was reduced from 131 miles to 112.3 miles, and new layouts made of terminal yards. Roundhouses 100 feet deep, turntables 100 feet long, with modern dispatching facilities, were built at all terminal points.

New shops, designed by the Arnold Construction Company, were built at Pittsburg in 1907-8, and new shops of our own design built at Shreveport in 1911-12. Roundhouses with dispatchment facilities and complete outfits of tools were installed in 1908-10 at Heavener, DeQueen and Leesville, and in 1913 at Watts; Heavener ranking next to Shreveport in importance and having facilities for the lighter classified repairs.

Large sums of money expended in reduction of grades and purchase of heavier locomotives in order to more economically handle low class traffic—lumber, oil, coal, export grain, etc.

The traffic offered the Kansas City Southern is low grade freight, lumber, coal, grain, etc., that must be moved at low rates. In order to obtain a profit from the business, a movement as nearly balanced, north and south, as possible, is necessary. The margin of profit is sharply reduced with the traffic out of balance and might entirely disappear with a large amount of empty mileage. Further, it must be moved in heavy trainloads and with a minimum of lost motion or delay.

It was with these difficulties of operation in mind that Mr. Horace G. Burt, in presenting his exhaustive field investigation, reported that a line might be practically realized of a maximum gradient of .5 per cent. More than \$5,000,000.00 have been spent for grade reduction, and the property is now operated as a .5 per cent. line from Kansas City to Pittsburg (with pusher Kansas City to Grandview), 125 miles; Pittsburg to Neosho, 46.5 miles, with turn-around Neosho to Watts, 61.8 miles; Lyons to Heavener, 72.3 miles, with turn-around Watts to Lyons, 29.8 miles; Heavener to DeQueen, 95.4 miles, as a mountain division of 1.35 per cent. grades; DeQueen to Shreveport as .5 per cent., 125.5 miles; Shreveport to Leesville as 1 per cent., 110.5 miles; and Leesville to Port Arthur as .5 per cent., 117.3 miles. That is; five divisions of .5 per cent. are operated 578.2 miles, with two turn-around districts 91.6 miles, one division as 1 per cent. and one as 1.35 per cent.

These changes in grade, the work on which has yet to be pursued to a finality, have been supplemented by a revision of the equipment. In 1905 there were in service 5,977 freight cars, average rated capacity 30 tons, a total of 179,910 tons; on December 31, 1921, there were 5,075 cars in revenue freight service of an average capacity of 37 tons, a total of 187,775 tons. In 1905, with reference to its obligations as an originating line, the road was beyond question overstocked; in 1921 it was about on the margin of its responsibility. Perhaps 500 box cars should now be added to the equipment.

In 1906 twelve freight and eight switching locomotives, and in 1907 fifteen freight locomotives, were acquired under equipment trusts. In 1912 twelve Mallet type freight locomotives and eight Pacific type passenger locomotives were purchased. In 1913 fifteen heavy Consolidation freight locomotives were acquired under an equipment trust. In 1918 seven Mallet type freight locomotives and in 1919 three Pacific type passenger locomotives were purchased. Many of the old locomotives were torn down or sold, others were modernized by the application of superheaters, outside valve rigging, etc.

Locomotives in service.

Class	June 30, 1905	Total Tractive Effort	Dec. 31, 1922	Total Tractive Effort
Passenger.....	46	877,638	28	748,752
Freight.....	85	2,368,593	125	6,190,298
Switching.....	18	424,674	33	1,014,770
Total.....	149	3,670,905	186	7,953,820
Increase.....				117%

Average tractive effort of freight locomotives in 1905 was 24,630 pounds; in 1922, 49,514 pounds.

The effect of these several changes upon the trainload has been cumulative. The shorter operating districts permitted slower speeds; the larger car reduced the drag on the engine, especially noticeable as the rate of grade decreases; the heavier engines exerted more tractive effort; the reduced grade substantially decreased the effect of the force of gravity; and all these were again favorably influenced by the improvement in the character of the track and the added facilities for operation.

As reflected in the engine rating, an E-3 locomotive, that in 1905 could have hauled northbound 1,728 gross tons, in 1922 hauled northbound 2,536 tons, an increase of 46.5 per cent.; and, as against a southbound haul in 1905 of 1,671 gross tons, in 1922 hauled southbound 2,428 gross tons, an increase of 46.4 per cent. As reflected in the actual performance, in the fiscal year ended June 30, 1905, the net freight train load, including company freight, averaged 289.64 tons; in the fiscal year ended December 31, 1922, the net freight train load, including company freight, averaged 784 tons, an increase of 171 per cent., a performance bettered by few roads in this country and by none anywhere else.

Whereas during the year ended June 30, 1905, there were 887,108 tons of freight hauled one mile per mile of road, in the year ending December 31, 1922, there were 1,863,438 tons of freight hauled one mile per mile of road, an increase of 110 per cent. The freight locomotive miles, which in 1905 had been 3,150,102, were in 1922 reduced to 2,201,684, a reduction of 948,418 freight locomotive miles, or 30 per cent. That is, while the work done somewhat more than doubled, the locomotive service in doing it was decreased by nearly one-third.

As reflected in its effect upon the financial returns, the operating ratio, excluding taxes, which for the fiscal year ended June 30, 1905, had been 73.84 per cent., was for the fiscal year ended June 30, 1907, reduced to 58.29 per cent., and averaged for the whole period beginning July 1, 1906, and ending December 31, 1917, when the road passed under Federal control, 63 per cent.

If the transportation movement of 1922 had had to be conducted in trains of the size of those in 1906, the transportation expense would have been increased over what it actually was by \$1,822,180.00, or 26 per cent.

The practical difficulties of operating the road are very great, and the road is, in my judgment, operated with extraordinary ability. If evidence were needed in addition to the figures I have quoted, it might be found in the fact that during the past year this line was, perhaps, the only one west of the Mississippi River that at no time impeded the movement of freight by the issuance of an embargo. I say this with the more confidence in that I have never claimed any credit for it. The performance is the achievement and the daily task of the President of the Company, your fellow townsman, Mr. J. A. Edson.

Management and capital: Investment of earnings; small return to owners and bondholders.

If you ask who contributed to bring about these changes, it was the effort of management and capital. Management thought out the plans, promoted the construction and changes in methods of operation, and inspired the confidence of those whose thrift had amassed capital seeking investments.

On April 1, 1906, there was borrowed in London, largely upon the personal credit of those in responsible control, \$5,100,000.00, which was applied to the preliminary work, and when a credit basis had been established by the demonstrated ability to pay a 4 per cent. dividend upon the preferred stock, a refunding mortgage was created under which \$18,000,000.00 of bonds have been sold, and, less discounts, \$17,232,317.00 applied in taking up the notes and in paying for the improvements described. Investment has been increased out of earnings, which the self-denial of

the owners has left undistributed and available for corporate purposes. Some equipment notes have been issued to purchase rolling stock, and the installments have been met, as they fell due, from such earnings, and numerous drafts have been from time to time made upon this source for additions to road and equipment. In all \$8,683,782.00 of earnings has been reinvested, making a total capital investment, since reorganization, of \$25,916,100.00.

*Benefits to the states, counties and cities served: Increased taxes nearly 900 per cent.;
Senator Borah's statement.*

If you now ask who has received the benefits of this long sustained effort of management and these large accessions of capital, it will not be found difficult to apportion it.

The modest interest charge of 5 per cent. on the moneys borrowed by the issue of mortgage bonds is but a meager return, and now below the current rates. The earnings of the owners of the equity that have been invested in the property bring them no return, while they have prejudiced their position by placing a mortgage between themselves and the property. It is interesting to note how closely the distribution of surplus earnings—61.5 per cent. in dividends and 38.5 per cent. to the improvement of the property—corresponds to the old time conservative practice of a dollar for dividends and a half dollar for the property.

Equally disappointing has been the experience of management. The bonds that were sold to the investor at 97½ can now be realized upon at no better rate than 85. The preferred stock, that in 1906 was quoted at 71, is now quoted at 55; and the common, selling in 1906 at 37, is now selling at 23. Instead of going forward we have gone backward.

I said I should appeal to you for aid and comfort. I do it when I remind you that investments, sacrifices and honest hard work have alike been without commendation. During these 17 long years there has come up from the mass of the people, like the roar of a prairie fire, a continuous storm of execration upon the property and the management alike, challenging the professional ability and the personal honesty of the one and the capacity and service of the other.

But there are those who have been benefited.

The taxes paid in the year 1905 amounted to.....	\$ 153,150.00
For the year ending December 31, 1922, they were:	
State, county and municipal property taxes.....	\$911,030.28
Income, excess profits and capital stock taxes.....	404,645.91
	<u>1,315,676.19</u>

And the prospects are that this increase will go on. As was said by the Joint Congressional Committee on Agricultural Inquiry, in its report to the House of Representatives:

"On January 1, 1922, the normal tax on the income of the railroad companies was advanced from 10 per cent. to 12½ per cent. New and varied forms of taxation are constantly being levied; some of them are intended to reach railroads to the exclusion of other forms of business. Railroads should, of course, pay a proper amount of taxes, but whatever they pay must be passed on to the public through rates."

And so Senator Borah, speaking in Congress on December 22, 1922, said:

"It will be very difficult to reduce freight rates if we continue in this country to increase taxes upon the railroads as we have for the last four years. That comes back upon the producer, upon the shipper. It is a part of the tax which he pays, ultimately and inevitably, as much as if it were levied upon his personal property or real estate. These public utilities must collect this money from but one source, and that is from those who ship."

But it is an optimistic hope that the tax may be passed on; the "passing on" process often can only be begun after the profits have been absorbed.

Benefits to the public and individuals: Increased valuation of improvements adjacent to railroad; growth of counties served by the Kansas City Southern; decrease of population in non-railroad counties.

The public making direct use of the railroad has been very largely benefited. Not only has it enjoyed the use of a railroad of high-class modern standard that could go through all the troubles of last year without putting out an embargo, but even more notably the increase in the charge made for hauling one ton of freight one mile has been no more than 40 per cent. Compare this increase of 40 per cent. in the charge to the public for the service rendered with the general advance in the cost of living of 53 per cent., based on Bradstreet's Index Number, and one realizes how well the public comes out.

The Company keeps a careful record of the cost of improvements in a strip of land 10 miles wide, five on either side of its track, and the records show that from January, 1906, to December 31, 1921, investments thereon increased by the enormous aggregate sum of \$1,144,840,570.00, and this excluding Kansas City. I have made a careful comparison of five counties scattered along the line of the road, and practically served only by it, and five counties in the neighborhood of the road and having no railroad facilities. In population the census shows that between 1900 and 1920 the Kansas City Southern counties increased 64.64 per cent., while the non-railroad counties actually decreased 5.11 per cent. In the value of all farm property returned, the Kansas City Southern counties increased 335.76 per cent., and that of the non-railroad counties 223.75 per cent. It is significant of the service the railroad has rendered to the community that, comparing these conditions, the non-railroad counties have decreased in population, while the others, taken together, have gained; that in the non-railroad counties there is a much slower increase in agricultural values, and that the non-railroad counties, which in 1900 had agricultural values of 28.31 per cent. more than the Kansas City Southern counties, in 1920 had 4.67 per cent. less agricultural values.

Benefits to employees: Improved working conditions; stability of employment; shorter hours; increased pay.

The employees, both in the matter of wages and conditions and comforts and conveniences of employment, have vastly benefited. Stability of employment obtains in railroad service to a greater extent than in most services. One has only to recall the improvements made in the physical and operating conditions of the property to realize how much they have enhanced the convenience and safety of the day's work. As to wages, let us consider the boilermaker as representative of the average mechanical employe. In 1905 the length of the work day was nine hours, the rate at Kansas City and Pittsburg 33 cents per hour; assuming 303 working days, the annual wage was \$899.91. In 1922 the length of the work day was eight hours, the rate on July 1 was 70 cents per hour; assuming 303 working days, the annual wage was \$1,696.80. That is, working 11 per cent. less time he gets 89 per cent. more money. Giving due effect to the depletion by the Federal income tax (assuming that he is single and not the head of a family) and the advance in the cost of living, as reflected by Bradstreet's Index Number, his "real" wage is 21 per cent. greater and he enjoys an hour more leisure daily. Had he chosen to continue working nine hours a day, and to take his reward entirely in wages, his "real" wages would have been increased 36 per cent. Considering the men in the train service, with the effect of the 16-hour law, the reduction of the "basic day" from 10 to 8 hours, the application of punitive overtime and many other wage-increasing devices, their position has been even more greatly improved.

Capital being driven from railroad business: Too many restrictive statutes; a plea for fair treatment; ambitious youth seek employment in other fields; railroad problem can be solved by railroad men.

Is it any wonder that this uneven distribution of reward is driving capital out of the railroad business, and that, further hampered by almost innumerable restrictions upon initiative, positions in the management are no longer eagerly sought after by competent and ambitious youth?

What then of the future? The man who practices thrift, who foregoes the pleasures of the moment and with self-denial and abstinence accumulates capital, cultivates a wisdom that shuns investments in properties subjected by the community to the treatment accorded the railroads throughout the past generation. He is alive to the long list of restrictive statutes, culminating in the Transportation Act of 1920, with its milking of the strong lines to support the weak through the control of "divisions of through rates" and the "recapture" clause, confiscating half the earnings above a nominal return upon a "value" fixed on a 50 per cent. basis. And so for management. The great moving pictures of the past may have little influence upon our conduct today. But the final revolt that led the Jews to go out from the land of Egypt rather than to make bricks without straw, may surely, in men as capable and having as high mental efficiency as those whose management of American railroads makes those roads the models and the envy of the world, find its reflection, though that be no more than to close the service to the ambitious and capable.

Today's problems: Federal valuation; diversion of earnings of strong lines to help the weaker lines; ill-advised consolidations; Robin Hood methods not welcome; earnings made in a community should be invested in the community for the further upbuilding of the community.

Going back then to a consideration of the various elements in the transportation problem, now currently under discussion, do you want to know the effect of these in terms of the Kansas City Southern Railway?

Do you want to know how the Federal valuation is working? You will find a statement of our case in the last annual report of the Company. You may take it, I suggest, that the railroads of the country could not be reproduced today at present prices and wages for less than \$40,000,000,000.00, and this may be contrasted with the \$12,000,000,000.00 that Senator Brookhart talks of as their value.

Do you want to know how the control of the Interstate Commerce Commission over the division of rates for a joint haul is working? You may ascertain the diversion of The Kansas City Southern Railway Company's earnings to the support of the M. & N. A. and the K. C., M. & O.? Why anyone should essay the role of Robin Hood in this day and generation is incomprehensible.

Do you want to know what is likely to be the effect of the proposed consolidation of the roads of the country into 19 systems, reducing the 12 lines now serving Kansas City to eight or, as recently suggested in testimony before the Commission, to two? Need I suggest that the reason given for uniting the Kansas City Southern Railway with the Missouri Pacific Railway (that it "should be properly utilized to support the great extent of branch mileage" of that company) will be found worthy of the best efforts of Lenine and Trotsky?

Do you want to know how the "recapture" clause of the Transportation Act will work? You will find that it will absolutely destroy the possibility of the improvement of this property out of surplus earnings and will render extremely precarious the payment of dividends upon its preferred stock, the foundation of this Company's credit.

And so for the multitude of questions that arise, they may be studied in the little with confidence that they will not differ in the great.

And these things and others involved in the railroad problem are to my mind worthy of your most serious consideration.

There are among us many, and some of them highly placed, who hate the institution of private property and seek for an opportunity to destroy it. The lessons of Russia, of Hungary, of Italy, mean nothing to them. They are determined to have a try at it on their own account.

They have concentrated their attack upon the railroads and the coal industry, because here they feel most likely of success. The railroads constitute the first line of defense. If that is swept away, you may be sure they will destroy everything in their path. What course ought we to follow?

Reaction against Socialistic tendencies necessary for continued railroad existence; wisdom demands return to principles of past, with modifications to conform to progressive conditions.

You will, I assume, charge me with being a reactionist. You may do so and write the word with every letter a capital letter. Reaction is response to stimulus; to fail to react is to have died. Surely there is enough of stimulus to cause reaction in the decline of the railway industry during the last 20 years. I maintain with confidence that if one will study our recent history with a desire only to place in their proper relations all the facts and to reason correctly upon these data, he must conclude that our only hope of future safety and prosperity is in return to the principles of the past, the wisdom of the fathers; modifying our practices in conformity to progressive conditions, but never denying the immutability of the basic principles of property and economic association which they recognized and on which they built. If that be reactionary, then upon that platform I stand, naked and unashamed.

The appended balance sheets and statistical statements give full detailed information concerning expenditures for improvements, and the results of operation.

A report, including balance sheet, income account and other pertinent matter, in form prescribed by the Interstate Commerce Commission, has been filed with that body at Washington.

By order of the Board of Directors.

J. A. EDSON,
President.

ACCOUNTS AND STATISTICS

THE KANSAS CITY SOUTHERN RAILWAY COMPANY
TEXARKANA & FORT SMITH RAILWAY COMPANY
Comparative General Balance Sheet, December 31, 1922

ASSETS	DECEMBER 31, 1922	DECEMBER 31, 1921	INCREASE	DECREASE
INVESTMENTS.				
Investment in Road and Equipment.....	\$103,820,450.00	\$102,886,107.05	\$ 934,342.95	
Deposits in lieu of Mortgaged Property sold.....	48,533.04	38,370.66	10,162.38	
Miscellaneous Physical Property.....	727,118.90	744,026.36		\$ 16,907.46
Investments in Affiliated Companies:				
Stocks.....	1,822,916.53	1,822,916.53		
Bonds.....	2,794,844.27	2,794,844.27		
Notes.....	18,563.90	18,664.90		101.00
Advances.....	2,189,636.23	1,995,199.55	194,436.68	
Other Investments:				
Stocks.....	851.82	13,535.18		12,683.36
Bonds.....		21,498.72		21,498.72
Notes.....	25,580.20	25,227.20	353.00	
Miscellaneous.....	36,647.58	46,711.30		10,063.72
Total Investments.....	\$111,485,142.47	\$110,407,101.72	\$1,078,040.75	
CURRENT ASSETS.				
Cash.....	\$ 3,047,990.76	\$ 1,908,734.41	\$1,139,256.35	
Special Deposits.....	1,005,421.66	1,041,715.06		\$ 36,293.40
Loans and Bills receivable.....	12,248.20	10,303.74	1,944.46	
Traffic and Car-service Balances receivable.....	678,429.72	637,900.96	40,528.76	
Net Balance receivable from Agents and Con- ductors.....	125,225.85	134,440.91		9,215.06
Miscellaneous Accounts receivable.....	637,844.73	802,696.32		164,851.59
Material and Supplies.....	2,132,597.72	2,318,872.43		186,274.71
Interest and Dividends receivable.....	9,721.38	10,298.12		576.74
Other Current Assets.....	535,278.66	536,937.40		1,658.74
Total Current Assets.....	\$ 8,184,758.68	\$ 7,401,899.35	\$ 782,859.33	
DEFERRED ASSETS.				
Working Fund Advances.....	\$ 13,235.21	\$ 12,685.70	\$ 549.51	
Other Deferred Assets:				
U. S. Government accounts.....	5,771,177.65	5,759,045.14	12,132.51	
Other accounts.....	37,362.40	68,713.79		\$ 31,351.39
Total Deferred Assets.....	\$ 5,821,775.26	\$ 5,840,444.63		\$ 18,669.37
UNADJUSTED DEBITS.				
Rents and Insurance Premiums paid in advance....	\$ 68,440.90	\$ 20,887.52	\$ 47,553.38	
Property Abandoned chargeable to Operating Expenses.....	269,980.20	359,973.60		\$ 89,993.40
Other Unadjusted Debits:				
U. S. Government—Accrued Standard Return....	3,237,876.16	3,237,876.16		
U. S. Government—Income Guaranty.....	613,105.42	613,105.42		
U. S. Government—Interest on Additions and Betterments.....	109,212.69	109,212.69		
Other accounts.....	502,292.43	1,036,856.15		534,563.72
Total Unadjusted Debits.....	\$ 4,800,907.80	\$ 5,377,911.54		\$577,003.74
Grand Totals.....	\$130,292,584.21	\$129,027,357.24	\$1,265,226.97	

THE KANSAS CITY SOUTHERN RAILWAY COMPANY

TEXARKANA & FORT SMITH RAILWAY COMPANY

Comparative General Balance Sheet, December 31, 1922

LIABILITIES	DECEMBER 31, 1922	DECEMBER 31, 1921	INCREASE	DECREASE
CAPITAL STOCK.				
Common Stock:				
Book Liability..... \$30,000,000.00				
Held by or for Company..... 40,100.00	\$ 29,959,900.00	\$ 29,959,900.00		
Preferred Stock:				
Book Liability..... \$21,000,000.00				
Held by or for Company.....	21,000,000.00	21,000,000.00		
Total Capital Stock.....	\$ 50,959,900.00	\$ 50,959,900.00		
GOVERNMENTAL GRANTS.				
Grants in Aid of Construction.....	\$ 511.70	\$ 511.70		
LONG-TERM DEBT.				
Funded Debt Unmatured:				
First Mortgage 3 Per Cent. Gold Bonds, due April 1, 1950.....	\$ 30,000,000.00	\$ 30,000,000.00		
Refunding and Improvement Mortgage 5 Per Cent. Gold Bonds, due April 1, 1950.....	18,000,000.00	18,000,000.00		
Equipment Trust 5 Per Cent. Gold Notes.....	248,000.00	372,000.00		\$124,000.00
Equipment Trust No. 34, 6 Per Cent. Gold Notes.....	826,800.00	890,400.00		63,600.00
Miscellaneous Funded Debt.....	47,440.10	50,487.30		3,047.20
Total Long-term Debt.....	\$ 49,122,240.10	\$ 49,312,887.30		\$190,647.20
CURRENT LIABILITIES.				
Loans and Bills payable:				
U. S. Government.....	\$ 550,000.00	\$ 550,000.00		
Traffic and Car-service Balances payable.....	838,589.68	544,202.16	\$ 294,387.52	
Audited Accounts and Wages payable.....	1,784,372.66	1,513,799.13	270,573.53	
Miscellaneous Accounts payable.....	6,380.49	23,404.18		\$ 17,023.69
Interest Matured unpaid.....	497,605.00	502,105.00		4,500.00
Dividends Matured unpaid.....	4,858.00	5,562.00		704.00
Unmatured Dividends declared.....	210,000.00	210,000.00		
Unmatured Interest accrued.....	373,744.02	344,953.63	28,790.39	
Unmatured Rents accrued.....	9,747.65	10,706.74		959.09
Other Current Liabilities.....	149,738.83	400,480.70		250,741.87
Total Current Liabilities.....	\$ 4,425,036.33	\$ 4,105,213.54	\$ 319,822.79	
DEFERRED LIABILITIES.				
Other Deferred Liabilities:				
U. S. Government accounts.....	\$ 9,117,633.69	\$ 9,044,174.70	\$ 73,458.99	
Other accounts.....	400,856.68	547,428.32		\$146,571.64
Total Deferred Liabilities.....	\$ 9,518,490.37	\$ 9,591,603.02		\$ 73,112.65
UNADJUSTED CREDITS.				
Tax Liability.....	\$ 816,543.87	\$ 766,091.34	\$ 50,452.53	
Accrued Depreciation—Equipment:				
Accruals during Corporate management.....	800,965.63	593,993.37	206,972.26	
Accruals during Federal control.....	363,122.57	363,122.57		
Other Unadjusted Credits.....	1,154,914.17	1,034,369.27	120,544.90	
Total Unadjusted Credits.....	\$ 3,135,546.24	\$ 2,757,576.55	\$ 377,969.69	
CORPORATE SURPLUS.				
Additions to Property through Income and Surplus..	\$ 347,789.25	\$ 161,796.03	\$ 185,993.22	
Appropriated Surplus not specifically invested.....	921,520.47	799,044.85	122,475.62	
Profit and Loss credit balance.....	11,861,549.75	11,338,824.25	522,725.50	
Total Corporate Surplus.....	\$ 13,130,859.47	\$ 12,299,665.13	\$ 831,194.34	
Grand Totals.....	\$130,292,584.21	\$129,027,357.24	\$1,265,226.97	

The above Balance Sheet as at December 31, 1922, in our opinion correctly shows the financial position of The Kansas City Southern Railway Company at that date as an individual Company, subject to such adjustment as may be required in the settlement of U. S. Government accounts, and is included in the Combined Balance Sheet of The Kansas City Southern Railway Company and its Subsidiary Companies.

134 SOUTH LA SALLE STREET,
CHICAGO, March 12, 1923.

PRICE, WATERHOUSE & CO.

THE KANSAS CITY SOUTHERN RAILWAY COMPANY
TEXARKANA & FORT SMITH RAILWAY COMPANY
Statement of Financial Changes for the Year Ended December 31, 1922

ORIGIN OF RESOURCES			
DECREASE OF ASSETS.			
INVESTMENTS:			
Miscellaneous Physical Property.....	\$ 16,907.46		
Investments in Affiliated Companies.			
Notes	101.00		
Other Investments.			
Stocks.....	\$12,683.36		
Bonds.....	21,498.72		
Miscellaneous.....	10,063.72	44,245.80	\$ 61,254.26
CURRENT ASSETS:			
Special Deposits.....	\$ 36,293.40		
Net Balance receivable from Agents and Conductors.....	9,215.06		
Miscellaneous Accounts receivable.....	164,851.59		
Material and Supplies.....	186,274.71		
Interest and Dividends receivable.....	576.74		
Other Current Assets.....	1,658.74		398,870.24
DEFERRED ASSETS:			
Other Deferred Assets.			
Other accounts			31,351.39
UNADJUSTED DEBITS:			
Property Abandoned chargeable to Operating Expenses.....	\$ 89,993.40		
Other Unadjusted Debits.			
Other accounts	534,563.72		624,557.12
Total Decrease of Assets			\$1,116,033.01
INCREASE OF LIABILITIES.			
CURRENT LIABILITIES:			
Traffic and Car-service Balances payable.....	\$294,387.52		
Audited Accounts and Wages payable.....	270,573.53		
Unmatured Interest accrued.....	28,790.39		\$ 593,751.44
DEFERRED LIABILITIES:			
Other Deferred Liabilities.			
U. S. Government accounts.....			73,458.99
UNADJUSTED CREDITS:			
Tax Liability.....	\$ 50,452.53		
Accrued Depreciation—Equipment.....	206,972.26		
Other Unadjusted Credits.....	120,544.90		377,969.69
Total Increase of Liabilities.....			\$1,045,180.12
CORPORATE SURPLUS.			
Additions to Property through Income and Surplus.....	\$185,993.22		
Appropriated Surplus not specifically invested.....	122,475.62		
Profit and Loss credit balance.....	522,725.50		\$ 831,194.34
Grand Total.....			\$2,992,407.47

THE KANSAS CITY SOUTHERN RAILWAY COMPANY
TEXARKANA & FORT SMITH RAILWAY COMPANY
Statement of Financial Changes for the Year Ended December 31, 1922

APPLICATION OF RESOURCES		
INCREASE OF ASSETS.		
INVESTMENTS:		
Investment in Road and Equipment	\$ 934,342.95	
Deposits in lieu of Mortgaged Property sold	10,162.38	
Investments in Affiliated Companies.		
Advances	194,436.68	
Other Investments.		
Notes	353.00	\$1,139,295.01
CURRENT ASSETS:		
Cash	\$1,139,256.35	
Loans and Bills receivable	1,944.46	
Traffic and Car-service Balances receivable	40,528.76	1,181,729.57
DEFERRED ASSETS:		
Working Fund Advances	\$ 549.51	
Other Deferred Assets.		
U. S. Government accounts	12,132.51	12,682.02
UNADJUSTED DEBITS:		
Rents and Insurance Premiums paid in advance		47,553.38
Total Increase of Assets		\$2,381,259.98
DECREASE OF LIABILITIES.		
LONG-TERM DEBT:		
Equipment Trust 5 Per Cent. Gold Notes	\$ 124,000.00	
Equipment Trust No. 34, 6 Per Cent. Gold Notes	63,600.00	
Miscellaneous Funded Debt	3,047.20	\$ 190,647.20
CURRENT LIABILITIES:		
Miscellaneous Accounts payable	\$ 17,023.69	
Interest Matured unpaid	4,500.00	
Dividends Matured unpaid	704.00	
Unmatured Rents accrued	959.09	
Other Current Liabilities	250,741.87	273,928.65
DEFERRED LIABILITIES:		
Other Deferred Liabilities.		
Other accounts		146,571.64
Total Decrease of Liabilities		\$ 611,147.49
Grand Total		\$2,992,407.47

THE KANSAS CITY SOUTHERN RAILWAY COMPANY
TEXARKANA & FORT SMITH RAILWAY COMPANY
Comparative Income Account for the Year Ended December 31, 1922

	1922	1921
OPERATING INCOME.		
Railway Operating Revenues.....	\$20,361,179.59	\$21,840,438.81
Railway Operating Expenses.....	15,083,459.81	16,003,485.24
Net Revenue from Railway Operations.....	\$ 5,277,719.78	\$ 5,836,953.57
Railway Tax Accruals:		
War Taxes.....	\$ 430,297.97	\$ 108,577.31
Other Taxes.....	885,378.22	964,116.08
Uncollectible Railway Revenues.....	5,523.56	8,217.54
Total Tax Accruals and Uncollectible Revenues.....	\$ 1,321,199.75	\$ 1,080,910.93
Total Operating Income.....	\$ 3,956,520.03	\$ 4,756,042.64
NONOPERATING INCOME.		
Rent from Locomotives.....	\$ 52,287.98	\$ 53,400.11
Rent from Passenger-train Cars.....	39,687.87	32,016.52
Rent from Work Equipment.....	5,553.58	5,842.85
Joint Facility Rent Income.....	145,171.26	149,726.40
Income from Lease of Road.....	1,252.19	Dr. 83.89
Miscellaneous Rent Income.....	8,428.89	8,560.49
Miscellaneous Nonoperating Physical Property.....	42,376.67	22,802.23
Dividend Income.....		51,204.81
Income from Funded Securities.....	383.25	1,814.48
Income from Unfunded Securities and Accounts.....	94,899.65	87,211.80
Miscellaneous Income:		
Revenues Prior to January 1, 1918.....	7.97	Dr. 24,863.94
Other Miscellaneous Income.....	1,664.82	17,963.72
Total Nonoperating Income.....	\$ 391,714.13	\$ 405,595.58
Gross Income.....	\$ 4,348,234.16	\$ 5,161,638.22
DEDUCTIONS FROM GROSS INCOME.		
Hire of Freight Cars—Debit balance.....	\$ 465,274.17	\$ 375,141.08
Rent for Locomotives.....	27,849.09	28,720.12
Rent for Passenger-train Cars.....	47,804.65	59,092.72
Rent for Work Equipment.....	5,143.63	6,345.62
Joint Facility Rents.....	254,293.75	240,554.26
Miscellaneous Rents.....	Cr. 2,592.10	4,279.00
Miscellaneous Tax Accruals.....		755.17
Interest on Funded Debt.....	1,864,307.80	1,878,794.76
Interest on Unfunded Debt.....	79,027.48	47,967.50
Miscellaneous Income Charges:		
Expenses Prior to January 1, 1918.....	Cr. .74	29,656.92
Current Charges.....	20,595.61	57,325.96
Total Deductions from Gross Income.....	\$ 2,761,703.34	\$ 2,728,633.11
Net Income.....	\$ 1,586,530.82	\$ 2,433,005.11
DISPOSITION OF NET INCOME.		
Dividend Appropriations of Income:		
Quarterly Dividends on Preferred Stock.		
No. 60, declared March 7, 1922, payable April 15, 1922.....	\$ 210,000.00	
No. 61, declared June 20, 1922, payable July 15, 1922.....	210,000.00	
No. 62, declared September 19, 1922, payable October 16, 1922.....	210,000.00	
No. 63, declared December 19, 1922, payable January 15, 1923.....	210,000.00	
Total Appropriations of Income.....	\$ 840,000.00	\$ 840,000.00
INCOME BALANCE TRANSFERRED TO PROFIT AND LOSS.....	\$ 746,530.82	\$ 1,593,005.11
Profit and Loss Account for the Year Ended December 31, 1922		
	DEBITS	CREDITS
Credit Balance at beginning of year.....		\$11,338,824.25
Credit Balance transferred from Income.....		746,530.82
Profit on Road and Equipment sold.....	\$ 1,071.52	
Unrefundable Overcharges.....		5,018.66
Donations.....		185,993.22
Miscellaneous Credits.....		81,823.60
Surplus Appropriated for Investment in Physical Property.....	185,993.22	
Debt Discount Extinguished through Surplus.....	5.03	
Miscellaneous Appropriations of Surplus.....	110,358.21	
Loss on Retired Road and Equipment.....	76,236.48	
Miscellaneous Debits.....	122,976.34	
Credit Balance carried to Balance Sheet.....	11,861,549.75	
Totals.....	\$12,358,190.55	\$12,358,190.55

THE KANSAS CITY SOUTHERN RAILWAY COMPANY

TEXARKANA & FORT SMITH RAILWAY COMPANY

Comparative Statement of Expenditures for Additions and Betterments for the Year Ended December 31, 1922

	1922	1921	From June 30, 1914, to Date
ROAD:			
Engineering.....	\$ 7,871.62	\$ 323.08	\$ 119,025.38
Land for Transportation Purposes.....	118,882.26	16,775.85	351,303.95
Grading.....	74,162.95	53,327.34	677,145.47
Bridges, Trestles and Culverts.....	108,387.17	49,327.80	679,553.72
Ties.....	16,766.86	Cr. 953.82	165,286.44
Rails.....	Cr. 1,321.38	36,561.63	261,900.37
Other Track Material.....	80,609.92	62,201.50	486,870.62
Ballast.....	19,427.02	11,851.57	1,098,215.45
Track Laying and Surfacing.....	20,853.07	Cr. 17,048.26	485,579.27
Right-of-way Fences.....	Cr. 56.68	8,946.31	78,351.06
Crossings and Signs.....	5,315.73	15,500.60	114,313.97
Station and Office Buildings.....	39,379.67	24,497.56	374,843.17
Roadway Buildings.....	5,721.87	5,765.26	20,086.32
Water Stations.....	36,529.90	38,974.82	85,891.94
Fuel Stations.....	821.37	152,010.17	142,366.48
Shops and Enginehouses.....	21,798.43	6,035.91	86,419.83
Telegraph and Telephone Lines.....	5,594.77	268.42	8,062.16
Signals and Interlockers.....	12,385.20	2,204.08	28,965.18
Power Plant Buildings.....			459.53
Power Distribution Systems.....	119.73	4,700.00	4,863.87
Miscellaneous Structures.....		Cr. 6,128.90	
Power Line Poles and Fixtures.....			Cr. 17.50
Paving.....	2,294.44	25.33	16,862.24
Roadway Machines.....	361.14	323.58	9,724.77
Roadway Small Tools.....	926.57	121.92	3,665.81
Assessments for Public Improvements.....	32,263.43	20,295.57	136,946.41
Cost of Road Purchased.....	47,061.55	Cr. 745.48	655,326.46
Other Expenditures—Road.....		Cr. 480.71	10,314.81
Shop Machinery.....	1,964.50	2,724.36	29,861.82
Power Plant Machinery.....	81,785.98	737.66	82,865.18
Total Expenditures for Road.....	\$739,907.09	\$488,143.15	\$6,215,054.18
EQUIPMENT:			
Steam Locomotives.....	\$ 32,553.35	\$ 44,100.22	\$1,014,885.25
Freight-train Cars.....	115,405.32	95,809.59	588,198.43
Passenger-train Cars.....	4,446.89	9,397.75	35,515.96
Work Equipment.....	41,291.13	Cr. 9,546.64	158,729.87
Miscellaneous Equipment.....	Cr. 135.00	947.64	812.64
Total Expenditures for Equipment.....	\$193,561.69	\$140,708.56	\$1,798,142.15
GENERAL EXPENDITURES:			
Law.....	\$ 910.35	\$ 1,672.28	\$ 4,716.17
Interest during Construction.....	Cr. 36.18	Cr. 4,181.58	53,311.54
Total General Expenditures.....	\$ 874.17	Cr. 2,509.30	\$ 58,027.71
Grand Totals.....	\$934,342.95	\$628,342.41	\$8,071,224.04

THE KANSAS CITY SOUTHERN RAILWAY COMPANY
TEXARKANA & FORT SMITH RAILWAY COMPANY
Statement of Improvements in Bridges, Trestles and Culverts,
from June 30, 1900, to December 31, 1922

YEAR	BRIDGES								TRESTLES		CULVERTS		
	STEEL		CONCRETE		WOOD		COMBINATION		WOOD		STONE AND CONCRETE	CAST IRON PIPE	CONCRETE PIPE
	No.	Length	No.	Length	No.	Length	No.	Length	No.	Length	No.	No.	No.
June 30, 1900	135	10,283	.....	.....	.....	.....	2	453	882	132,730	16	.....	.....
June 30, 1901	162	13,392	.....	.....	.....	.....	1	156	751	120,193	53	25	.....
June 30, 1902*	199	17,546	.....	.....	1	.....	5	1,066	699	113,634	79	93	.....
June 30, 1903	184	17,323	.....	.....	.....	.....	5	513	691	107,853	337	197	.....
June 30, 1904	196	18,837	.....	.....	5	68	4	357	608	99,758	365	220	.....
June 30, 1905	231	19,225	.....	.....	3	66	3	213	593	96,377	354	233	.....
June 30, 1906	233	19,317	.....	.....	.....	.....	2	166	581	95,707	373	245	.....
June 30, 1907	240	19,390	.....	.....	1	18	2	157	470	86,979	433	282	.....
June 30, 1908	240	19,390	.....	.....	1	18	1	87	445	77,335	478	428	.....
June 30, 1909	245	19,502	.....	.....	1	18	1	87	433	76,218	514	502	.....
June 30, 1910	249	20,657	.....	.....	.....	.....	1	87	402	74,310	564	556	5
June 30, 1911	253	21,153	.....	.....	.....	.....	1	87	390	73,670	604	569	61
June 30, 1912	257	21,708	.....	.....	.....	.....	1	87	384	71,695	615	561	64
June 30, 1913	260	21,738	1	105	.....	.....	1	87	324	64,792	634	563	68
June 30, 1914	272	21,886	1	105	.....	.....	1	87	321	64,701	636	570	77
June 30, 1915	281	22,124	1	105	.....	.....	1	87	315	63,931	665	577	98
June 30, 1916	284	22,281	1	105	.....	.....	1	87	316	64,049	671	580	97
December 31, 1916	284	22,281	1	105	.....	.....	1	87	315	65,893	675	580	98
December 31, 1917	289	22,762	2	225	.....	.....	1	87	307	64,786	689	592	118
December 31, 1918	295	22,851	2	225	.....	.....	1	87	306	64,804	696	593	130
December 31, 1919	304	23,058	2	225	.....	.....	1	87	309	64,356	703	603	134
December 31, 1920	314	23,203	2	225	.....	.....	1	87	323	64,768	705	606	146
December 31, 1921	314	23,203	2	225	.....	.....	1	87	325	64,443	706	607	149
December 31, 1922	314	23,203	2	225	.....	.....	1	87	320	64,092	706	609	164

*Kansas City Suburban Belt R. R. was acquired in 1902.

THE KANSAS CITY SOUTHERN RAILWAY COMPANY

TEXARKANA & FORT SMITH RAILWAY COMPANY

Statement of Equipment Serviceable December 31, 1922

	IN SERVICE DECEMBER 31, 1921			GAINS				LOSSES			TRANSFERRED AS BETWEEN CLASSES		IN SERVICE DECEMBER 31, 1922		
	Owned	Trust Equip- ment	Total	Pur- chased	Re- built	Built	Trust Equip- ment	Sold	Destroyed or Broken Up		From	To	Owned	Trust Equip- ment	Total
									Owned	Trust Equip- ment					
LOCOMOTIVES.															
Passenger.....	24	3	27										24	3	27
Freight.....	110	15	125										110	15	125
Switching.....	29	5	34										29	5	34
Totals.....	163	23	186										163	23	186
PASSENGER EQUIPMENT.															
Coaches.....	29		29										29		29
Chair Cars.....	25		25										25		25
Coach and Baggage Cars..	2		2										2		2
Coach and Mail Cars.....	1		1										1		1
Baggage Cars.....	17		17										17		17
Baggage, Coach and Mail Cars.....	1		1										1		1
Express and Mail Cars....	10		10										10		10
Totals.....	85		85										85		85
FREIGHT EQUIPMENT.															
<i>In Commercial Service:</i>															
Box Cars.....	1,828	100	1,928		284				329		27	2	1,758	100	1,858
Furniture Cars.....	218	96	314						7				211	96	307
Stock Cars.....	278		278		2				8				272		272
Tank Cars.....	224		224						1			2	225		225
Coal Cars.....	210	1,191	1,401						3	1	105		102	1,190	1,292
Flat Cars.....	168	197	365						10			3	161	197	358
Vinegar Tank Cars.....		2	2											2	2
Totals.....	2,926	1,586	4,512		286				358	1	132	7	2,729	1,585	4,314
Cabooses.....	80		80								2		78		78
<i>In Work Service:</i>															
Box Cars.....	269		269						2			27	294		294
Water Cars.....	2		2								2				
Coal Cars.....	1		1										1		1
Flat Cars.....	85		85		1				2		2		82		82
Ballast Cars.....	35		35		1				1			5	40		40
Convertible Coal and Ballast Cars.....	92		92		2				2			103	195		195
Totals.....	484		484		4				7		4	135	612		612
WORK EQUIPMENT.															
Business Cars.....	4		4										4		4
Wrecker Bunk.....	1		1										1		1
Outfit Coaches.....	8		8										8		8
Derrick Cars.....	10		10										10		10
Steam Shovels.....	2		2										2		2
Slope Levelers.....	2		2										2		2
Ditchers.....	2		2										2		2
Pile Drivers.....	2		2										2		2
Lidgerwoods.....	7		7								4		3		3
Totals.....	38		38								4		34		34
Total Cars.....	3,613	1,586	5,199		290				365	1	142	142	3,538	1,585	5,123

THE KANSAS CITY SOUTHERN RAILWAY COMPANY
TEXARKANA & FORT SMITH RAILWAY COMPANY
Description of Steam Locomotives

CLASSIFICATION		TOTAL			
Type	Tractive Power in Pounds	Number	Tractive Power in Pounds	Weight on Drivers in Tons	Weight of Engine and Tender in Working Order—Tons
Passenger.....	20,000 or less	8	140,512	312.20	748.18
Passenger.....	Over 20,000	19	605,733	1,369.25	3,479.17
Totals.....		27	746,245	1,681.45	4,227.35
Averages.....			27,639	62.28	156.57
Freight.....	40,000 or less	43	1,374,838	2,722.75	5,246.76
Freight.....	80,000 or less	63	3,096,684	6,293.83	11,671.50
Freight.....	Over 80,000	19	1,721,283	3,743.00	5,588.15
Totals.....		125	6,192,805	12,759.58	22,506.41
Averages.....			49,542	102.08	180.05
Switch and Work.....	20,000 or less				
Switch and Work.....	40,000 or less	32	891,562	2,038.20	3,389.00
Switch and Work.....	Over 40,000	2	123,208	339.08	339.08
Totals.....		34	1,014,770	2,377.28	3,728.08
Averages.....			29,846	69.92	109.65
Grand Totals.....		186	7,953,820	16,818.31	30,461.84
Averages.....			42,762	90.42	163.77
Average combined Passenger and Freight Gross Ton Miles per annum per pound of Locomotive Tractive Power owned 531.03					

THE KANSAS CITY SOUTHERN RAILWAY COMPANY

TEXARKANA & FORT SMITH RAILWAY COMPANY

Description of Passenger-train Cars

CLASSIFICATION		TOTAL					
Type	Length Over Body End Sills in Feet	Number			Carrying Capacity		Light Wt. in Working Order—Tons
		All Wood	Steel Under- frame	Total	No. of Passen- gers	Tons of Commodi- ties	
Coach or Chair—First Class.....	Less than 60 feet	10	2	12	674		439
Coach or Chair—First Class.....	Over 60 feet	9	13	22	1,377		1,081
Coach or Chair—Second Class or Emigrant...	All	20		20	1,117		566
Coach or Chair and Combination.....	All	4		4	160		123
Total Passenger-Carrying.....		43	15	58	3,328		2,209
Mail, Express and Baggage.....	Less than 60 feet	6	4	10		126	377
Mail, Express and Baggage.....	Over 60 feet	4	13	17		245	825
Total Commodity-Carrying.....		10	17	27		371	1,202
Grand Totals.....		53	32	85	3,328	371	3,411

Average Passenger-train Car Miles per annum per Passenger-train Car owned..... 68,115

Description of Freight-train Cars

CLASSIFICATION									TOTAL	
Type	Number of Cars of Marked Capacity in Pounds					Number of Cars and Type of Construction				
	Less than 60,000	60,000 to 80,000	80,000 to 100,000	100,000 to 140,000	Total	All Wood	Steel Under-frame	Total	Light Weight in Tons	Marked Carrying Capacity in Tons
Box.....	124	1,288	1,047	.....	2,459	2,261	198	2,459	43,283	83,555
Stock.....	.....	272	.....	.....	272	272	.....	272	4,500	8,160
Tank.....	.....	119	96	10	225	.....	225	225	4,613	7,910
Total Closed.....	124	1,679	1,143	10	2,956	2,533	423	2,956	52,396	99,625
Gondola.....	.....	2	1,093	199	1,294	84	1,210	1,294	25,112	53,730
Hopper.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Flat.....	20	139	84	197	440	242	198	440	6,297	17,865
Total Open.....	20	141	1,177	396	1,734	326	1,408	1,734	31,409	71,595
All Other.....	2	109	96	102	309*	207	102	309	5,830	12,260
Grand Totals....	146	1,929	2,416	508	4,999	3,066	1,933	4,999	89,635	183,480

Average Net Freight Ton Miles per annum per ton of Freight Car Carrying Capacity owned..... 8,831.35

*Does not include 1 double-end Ballast Distributor and 4 Lidgerwoods in work service.

THE KANSAS CITY SOUTHERN RAILWAY COMPANY

Statement of Principal Stocks and Bonds Owned December 31, 1922

CHARACTER	SHARES	FACE AMOUNT	PER CENT OF ISSUE	BOOK VALUE
CHARGED TO INVESTMENTS IN AFFILIATED COMPANIES.				
STOCKS:				
The Arkansas Western Railway Co	6,500	\$ 650,000.00	100.0	\$ 302,582.20
The Poteau Valley Railroad Co.	1,008	100,800.00	100.0	35,000.00
The Maywood & Sugar Creek Railway Co.	300	30,000.00	100.0	30,000.00
Fort Smith & Van Buren Railway Co.	120	12,000.00	100.0	12,000.00
Central Railroad of Louisiana	50	5,000.00	100.0	1.00
Port Arthur Canal & Dock Co.	10,000	1,000,000.00	100.0	1,000,000.00
Kansas City Terminal Railway Co.	1,833 1/2	183,333.33	8.3	183,333.33
The Kansas City, Shreveport & Gulf Terminal Co.	1,500	150,000.00	100.0	150,000.00
The K. C. S. Elevator Co.	250	25,000.00	100.0	100,000.00
Joplin Union Depot Co.	100	10,000.00	25.0	10,000.00
Totals	21,661 1/2	\$ 2,166,133.33	.....	\$ 1,822,916.53
BONDS:				
The Arkansas Western Railway Co. First 5's.		\$ 650,000.00	100.0	\$ 100,000.00
Port Arthur Canal & Dock Co. First 5's.		1,000,000.00	100.0	2,679,156.77
The Kansas City, Shreveport & Gulf Terminal Co. First 4's		24,000.00	16.0	15,687.50
Totals		\$ 1,674,000.00	.....	\$ 2,794,844.27
CHARGED TO INVESTMENT IN ROAD AND EQUIPMENT.				
STOCKS:				
The Kansas City, Shreveport & Gulf Railway Co.	3,050	\$ 305,000.00	100.0	\$ 300,000.00
Texarkana & Fort Smith Railway Co.	2 000	100,000.00	100.0	100,000.00
Totals	5,050	\$ 405,000.00	... ..	\$ 400,000.00
BONDS:				
The Kansas City, Shreveport & Gulf Railway Co. First 5's		\$ 6,623,000.00	100.0	\$ 8,278,750.00
Texarkana & Fort Smith Railway Co. First 5's		5,591,000.00	100.0	6,988,750.00
Totals		\$12,214,000.00	.....	\$15,267,500.00

THE KANSAS CITY SOUTHERN RAILWAY COMPANY
TEXARKANA & FORT SMITH RAILWAY COMPANY

**Statement of Revenues, Etc., Accrued Prior to January 1, 1918, and Credited by the
United States Railroad Administration to the Railway Companies**

RAILWAY OPERATING REVENUES.		
TRANSPORTATION—RAIL LINE:		
Freight.....	\$45.01	
Passenger.....	<i>Dr.</i> 37.04	\$7.97
Total Revenues Prior to January 1, 1918.....		\$7.97

**Statement of Expenses, Etc., Accrued Prior to January 1, 1918, and Charged by the United
States Railroad Administration to the Railway Companies**

RAILWAY OPERATING EXPENSES.		
MAINTENANCE OF WAY AND STRUCTURES.....	\$271.37	
MAINTENANCE OF EQUIPMENT.....	87.99	
TRAFFIC.....	56.26	
TRANSPORTATION—RAIL LINE.....	376.85	
TRANSPORTATION FOR INVESTMENT— <i>Cr.</i>	<i>Dr.</i> 4.01	\$796.48
RAILWAY TAX ACCRUALS.....		<i>Cr.</i> 797.22
Total Expenses Prior to January 1, 1918.....		<i>Cr.</i> \$.74

THE KANSAS CITY SOUTHERN RAILWAY COMPANY
TEXARKANA & FORT SMITH RAILWAY COMPANY
Comparative Statement of Revenues and Expenses for the Year Ended
December 31, 1922

(Includes Federal Lap-overs from January 1 to September 30, 1921)

	1922	1921	INCREASE	DECREASE
RAILWAY OPERATING REVENUES.				
TRANSPORTATION—RAIL LINE:				
Freight.....	\$16,336,124.86	\$17,674,399.84		\$1,338,274.98
Passenger.....	2,201,623.92	2,477,395.17		275,771.25
Excess Baggage.....	20,461.68	20,676.69		215.01
Mail.....	217,124.56	282,033.82		64,909.26
Express.....	441,599.16	303,835.10	\$137,764.06	
Other Passenger-train.....	3,282.58	6,706.52		3,423.94
Switching.....	755,715.12	854,373.62		98,658.50
Special Service Train.....	5,884.60	8,947.34		3,062.74
Other Freight-train.....	3,372.38	2,768.63	603.75	
Total Rail-Line Transportation Revenues.....	\$19,985,188.86	\$21,631,136.73		\$1,645,947.87
INCIDENTAL.....	\$ 105,056.69	\$ 137,154.94		\$ 32,098.25
JOINT FACILITY.....	270,934.04	Dr. 151.29	\$271,085.33	
Total Railway Operating Revenues.....	\$20,361,179.59	\$21,768,140.38		\$1,406,960.79
RAILWAY OPERATING EXPENSES.				
MAINTENANCE OF WAY AND STRUCTURES:				
Superintendence.....	\$ 292,856.35	\$ 271,339.53	\$ 21,516.82	
Roadway Maintenance.....	226,767.63	253,054.09		\$ 26,286.46
Tunnels and Subways.....	159.82	205.96		46.14
Bridges, Trestles and Culverts.....	79,461.70	178,340.93		98,879.23
Ties.....	413,115.73	553,419.15		140,303.42
Rails.....	156,173.37	202,243.58		46,070.21
Other Track Material.....	147,884.05	169,981.88		22,097.83
Ballast.....	108,199.06	107,892.07	306.99	
Track Laying and Surfacing.....	713,662.29	851,820.08		138,157.79
Right-of-way Fences.....	36,152.67	38,557.74		2,405.07
Crossings and Signs.....	34,072.48	32,025.53	2,046.95	
Station and Office Buildings.....	56,190.44	73,039.58		16,849.14
Roadway Buildings.....	20,262.56	21,801.68		1,539.12
Water Stations.....	30,715.54	25,456.72	5,258.82	
Fuel Stations.....	34,864.61	38,913.34		4,048.73
Shops and Enginehouses.....	45,711.91	54,579.44		8,867.53
Telegraph and Telephone Lines.....	39,547.06	62,550.38		23,003.32
Signals and Interlockers.....	5,715.08	6,056.87		341.79
Power Distribution Systems.....	1,607.88	4,732.36		3,124.48
Power Plant Buildings.....	807.31	180.57	626.74	
Power Line Poles and Fixtures.....	623.21	415.46	207.75	
Miscellaneous Structures.....	72.60	243.11		170.51
Paving.....	3,590.46	4,981.37		1,390.91
Roadway Machines.....	14,058.10	15,626.91		1,568.81
Small Tools and Supplies.....	39,761.23	38,174.20	1,587.03	
Removing Snow, Ice and Sand.....	2,480.08	2,840.02		359.94
Assessments for Public Improvements.....	314.10	670.29		356.19
Injuries to Persons.....	17,525.08	16,081.51	1,443.57	
Insurance.....	36,167.15	28,949.74	7,217.41	
Stationery and Printing.....	11,808.01	13,058.74		1,250.73
Other Expenses.....	5,722.04	5,042.09	679.95	
Maintaining Joint Tracks, Yards and Other Fac.—Dr.	69,787.60	38,085.30	31,702.30	
Maintaining Joint Tracks, Yards and Other Fac.—Cr.	83,491.41	76,812.05	6,679.36	
Total Maintenance of Way and Structures.....	\$ 2,562,345.79	\$ 3,033,548.17		\$ 471,202.38

THE KANSAS CITY SOUTHERN RAILWAY COMPANY
TEXARKANA & FORT SMITH RAILWAY COMPANY
Comparative Statement of Revenues and Expenses for the Year Ended
December 31, 1922

(Includes Federal Lap-overs from January 1 to September 30, 1921)

	1922	1921	INCREASE	DECREASE
RAILWAY OPERATING EXPENSES—Continued.				
MAINTENANCE OF EQUIPMENT:				
Superintendence.....	\$ 182,304.21	\$ 185,360.35		\$ 3,056.14
Shop Machinery.....	63,706.50	74,592.55		10,886.05
Power Plant Machinery.....	28,809.38	10,182.80	\$ 18,626.58	
Steam Locomotives—Repairs.....	1,656,336.75	1,512,554.46	143,782.29	
Steam Locomotives—Depreciation.....	100,645.91	100,417.60	228.31	
Steam Locomotives—Retirements.....	Cr. 5,685.38	Cr. 691.68	Cr. 4,993.70	
Freight-train Cars—Repairs.....	977,324.66	1,460,300.53		482,975.87
Freight-train Cars—Depreciation.....	110,654.71	101,133.73	9,520.98	
Freight-train Cars—Retirements.....	64,243.87	51,987.55	12,256.32	
Passenger-train Cars—Repairs.....	172,969.19	224,771.18		51,801.99
Passenger-train Cars—Depreciation.....	8,872.24	9,077.61		205.37
Passenger-train Cars—Retirements.....		845.91		845.91
Work Equipment—Repairs.....	61,353.07	76,265.47		14,912.40
Work Equipment—Depreciation.....	9,377.81	7,811.01	1,566.80	
Work Equipment—Retirements.....	605.98	1,568.15		962.17
Equalization—Equipment.....		18,745.81		18,745.81
Injuries to Persons.....	21,979.81	9,081.95	12,897.86	
Insurance.....	26,221.58	22,339.43	3,882.15	
Stationery and Printing.....	16,923.96	16,436.83	487.13	
Other Expenses.....	557,604.60	10,132.05	547,472.55	
Maintaining Joint Equipment at Terminals—Dr.....	46,623.60	6,961.66	39,661.94	
Maintaining Joint Equipment at Terminals—Cr.....		7.79		7.79
Total Maintenance of Equipment.....	\$4,100,872.45	\$3,899,867.16	\$201,005.29	
TRAFFIC:				
Superintendence.....	\$ 173,632.85	\$ 167,321.95	\$ 6,310.90	
Outside Agencies.....	234,665.85	247,443.50		\$ 12,777.65
Advertising.....	8,578.36	10,189.00		1,610.64
Traffic Associations.....	8,344.66	6,837.92	1,506.74	
Industrial and Immigration Bureaus.....	17,872.95	16,006.54	1,666.41	
Insurance.....	350.06	337.35	12.71	
Stationery and Printing.....	59,099.32	71,865.49		12,766.17
Other Expenses.....	6.40	Cr. 1.80	8.20	
Total Traffic.....	\$ 502,350.45	\$ 519,999.95		\$ 17,649.50
TRANSPORTATION—RAIL LINE:				
Superintendence.....	\$ 280,587.42	\$ 280,018.27	\$ 569.15	
Dispatching Trains.....	77,414.43	85,689.08		\$ 8,274.65
Station Employees.....	757,171.91	883,514.15		126,342.24
Weighing, Inspection and Demurrage Bureaus.....	29,699.14	31,894.05		2,194.91
Station Supplies and Expenses.....	60,087.64	65,097.73		5,010.09
Yardmasters and Yard Clerks.....	162,795.47	173,290.45		10,494.98
Yard Conductors and Brakemen.....	368,549.32	384,585.16		16,035.84
Yard Switch and Signal Tenders.....	16,144.37	18,084.45		1,940.08
Yard Enginemen.....	235,852.11	245,050.69		9,198.58
Fuel for Yard Locomotives.....	425,553.48	470,143.05		44,589.57
Water for Yard Locomotives.....	21,511.81	21,627.42		115.61
Lubricants for Yard Locomotives.....	4,671.35	4,792.29		120.94
Other Supplies for Yard Locomotives.....	11,171.06	15,824.64		4,653.58
Enginehouse Expenses—Yard.....	130,777.55	146,535.90		15,758.35
Yard Supplies and Expenses.....	9,794.18	10,279.87		485.69
Operating Joint Yards and Terminals—Dr.....	210,763.29	115,064.24	95,699.05	
Operating Joint Yards and Terminals—Cr.....	1,597.48	2,180.28		582.80
Carried Forward.....	\$2,800,947.05	\$2,949,311.16		\$ 148,364.11

THE KANSAS CITY SOUTHERN RAILWAY COMPANY
TEXARKANA & FORT SMITH RAILWAY COMPANY
Comparative Statement of Revenues and Expenses for the Year Ended
December 31, 1922

(Includes Federal Lap-overs from January 1 to September 30, 1921)

	1922	1921	INCREASE	DECREASE
RAILWAY OPERATING EXPENSES—Continued.				
TRANSPORTATION—RAIL LINE—Continued:				
Brought Forward	\$ 2,800,947.05	\$ 2,949,311.16		\$ 148,364.11
Train Enginemen	635,937.37	626,410.14	\$ 9,527.23	
Fuel for Train Locomotives	1,664,821.65	1,874,605.76		209,784.11
Water for Train Locomotives	90,212.56	97,252.63		7,040.07
Lubricants for Train Locomotives	24,238.73	23,635.32	603.41	
Other Supplies for Train Locomotives	31,652.79	29,698.12	1,954.67	
Enginehouse Expenses—Train	212,502.11	230,206.99		17,704.88
Trainmen	771,975.90	791,943.51		19,967.61
Train Supplies and Expenses	211,589.25	283,898.74		72,309.49
Signal and Interlocker Operation	23,896.33	26,076.34		2,180.01
Crossing Protection	34,284.41	38,346.72		4,062.31
Drawbridge Operation	8,498.79	10,484.62		1,985.83
Telegraph and Telephone Operation	68,377.73	75,785.66		7,407.93
Stationery and Printing	66,163.18	70,290.16		4,126.98
Other Expenses	15,242.69	16,238.86		996.17
Operating Joint Tracks and Facilities—Dr.	26,342.77	22,362.19	3,980.58	
Operating Joint Tracks and Facilities—Cr.	63,502.35	79,434.63		15,932.28
Insurance	43,133.07	78,141.03		35,007.96
Clearing Wrecks	39,109.30	45,573.05		6,463.75
Damage to Property	13,729.12	12,153.21	1,575.91	
Damage to Live Stock on Right of Way	82,613.89	97,728.30		15,114.41
Loss and Damage—Freight	122,268.43	328,243.14		205,974.71
Loss and Damage—Baggage	Cr. 109.96	1,202.40		1,312.36
Injuries to Persons	99,173.75	23,827.53	75,346.22	
Total Transportation—Rail Line	\$ 7,023,098.56	\$ 7,673,980.95		\$ 650,882.39
MISCELLANEOUS OPERATIONS:				
Producing Power Sold	\$ 5,120.72		\$ 5,120.72	
GENERAL:				
Salaries and Expenses of General Officers	\$ 185,198.25	\$ 177,137.17	\$ 8,061.08	
Salaries and Expenses of Clerks and Attendants	446,356.14	511,237.99		\$ 64,881.85
General Office Supplies and Expenses	39,009.39	39,342.32		332.93
Law Expenses	117,209.51	115,262.16	1,947.35	
Insurance	1,376.20	967.46	408.74	
Pensions	10,889.63	9,598.49	1,291.14	
Stationery and Printing	51,001.91	54,450.87		3,448.96
Valuation Expenses	19,708.41	55,140.89		35,432.48
Other Expenses	20,520.93	25,327.90		4,806.97
General Joint Facilities—Dr.	10,949.95	2,568.10	8,381.85	
Total General	\$ 902,220.32	\$ 991,033.35		\$ 88,813.03
TRANSPORTATION FOR INVESTMENT—Cr.	\$ 12,548.48	\$ 14,437.37		\$ 1,888.89
Grand Total Railway Operating Expenses	\$15,083,459.81	\$16,103,992.21		\$1,020,532.40
Net Revenue from Railway Operations	\$ 5,277,719.78	\$ 5,664,148.17		\$ 386,428.39
RAILWAY TAX ACCRUALS	\$ 1,315,676.19	\$ 1,072,693.39	\$242,982.80	
UNCOLLECTIBLE RAILWAY REVENUES	5,523.56	10,405.17		\$ 4,881.61
Total Tax Accruals and Uncollectible Revenues	\$ 1,321,199.75	\$ 1,083,098.56	\$238,101.19	
Total Operating Income	\$ 3,956,520.03	\$ 4,581,049.61		\$ 624,529.58

THE KANSAS CITY SOUTHERN RAILWAY COMPANY

TEXARKANA & FORT SMITH RAILWAY COMPANY

Statement of Revenues, Etc., Accrued Prior to March 1, 1920, and Credited by the Railway Companies to the United States Railroad Administration

RAILWAY OPERATING REVENUES.		
TRANSPORTATION—RAIL LINE:		
Freight.....	\$9,169.92	
Passenger.....	Dr. 1,070.95	
Excess Baggage.....	53.16	
Other Passenger-train.....	420.47	
Switching.....	1,913.98	
Special Service Train.....	79.50	
Other Freight-train.....	51.40	\$ 10,618.08
INCIDENTAL.....		133,044.12
Total Revenues Prior to March 1, 1920.....		\$143,662.20

Statement of Expenses, Etc., Accrued Prior to March 1, 1920, and Charged by the Railway Companies to the United States Railroad Administration

RAILWAY OPERATING EXPENSES.		
MAINTENANCE OF WAY AND STRUCTURES.....	\$17,217.02	
MAINTENANCE OF EQUIPMENT.....	38,838.46	
TRAFFIC.....	684.76	
TRANSPORTATION—RAIL LINE.....	87,340.15	
GENERAL.....	Cr. 821.52	
TRANSPORTATION FOR INVESTMENT—Cr.....	1,305.89	\$141,952.98
RAILWAY TAX ACCRUALS.....		Cr. 1,348.70
UNCOLLECTIBLE RAILWAY REVENUES.....		2,143.12
Total Expenses Prior to March 1, 1920.....		\$142,747.40

THE KANSAS CITY SOUTHERN RAILWAY COMPANY

TEXARKANA & FORT SMITH RAILWAY COMPANY

Comparative Statement of Revenues and Expenses for the Five Years Ended December 31, 1922, including Federal Lap-overs and Expenses of Maintaining Corporate Organization during the Period of Federal Control

	1918	1919	1920	1921	1922
RAILWAY OPERATING REVENUES.					
TRANSPORTATION—RAIL LINE:					
Freight.....	\$12,856,566.79	\$12,576,429.95	\$17,361,234.69	\$17,646,457.21	\$16,345,294.78
Passenger.....	2,432,108.55	2,723,353.01	3,225,909.22	2,471,693.61	2,200,553.57
Excess Baggage.....	15,520.88	18,312.88	20,546.64	20,627.44	20,514.84
Mail.....	130,740.73	130,213.71	421,560.74	282,033.82	217,124.56
Express.....	324,011.68	326,359.29	386,203.40	301,956.57	441,599.16
Other Passenger-train.....	1,442.65	1,586.37	4,283.93	6,706.52	3,703.05
Switching.....	632,782.28	687,147.87	709,388.31	854,334.12	757,629.10
Special Service Train.....	197.60	8,154.75	14,224.11	8,947.34	5,964.10
Other Freight-train.....	2,874.55	2,124.85	3,775.17	2,768.63	3,423.78
Total Rail-Line Transportation Revenues	\$16,396,245.71	\$16,473,682.68	\$22,147,126.21	\$21,595,525.26	\$19,995,806.94
INCIDENTAL.....	\$ 136,037.10	\$ 137,073.11	\$ 206,399.12	\$ 137,118.38	\$ 238,100.81
JOINT FACILITY.....	Dr. 754.82	Dr. 3,745.14	1,701.56	Dr. 151.29	270,934.04
Total Railway Operating Revenues.....	\$16,531,527.99	\$16,607,010.65	\$22,355,226.89	\$21,732,492.35	\$20,504,841.79
RAILWAY OPERATING EXPENSES.					
MAINTENANCE OF WAY AND STRUCTURES.....	\$ 1,989,392.03	\$ 2,531,639.52	\$ 3,005,249.55	\$ 2,867,962.44	\$ 2,579,562.81
MAINTENANCE OF EQUIPMENT.....	3,171,612.82	3,608,202.62	4,322,926.07	3,897,362.47	4,139,710.91
TRAFFIC.....	247,063.25	212,656.90	478,045.01	519,284.21	503,035.21
TRANSPORTATION—RAIL LINE.....	6,506,246.98	6,477,871.82	9,231,598.59	7,640,107.54	7,110,438.71
MISCELLANEOUS OPERATIONS.....					5,120.72
GENERAL.....	617,502.75	611,934.45	918,313.16	988,452.25	901,398.80
TRANSPORTATION FOR INVESTMENT—Cr.....	15,410.79	22,770.90	19,313.92	15,620.38	13,854.37
Total Railway Operating Expenses.....	\$12,516,407.04	\$13,419,534.41	\$17,936,818.46	\$15,897,548.53	\$15,225,412.79
Net Revenue from Railway Operations.....	\$ 4,015,120.95	\$ 3,187,476.24	\$ 4,418,408.43	\$ 5,834,943.82	\$ 5,279,429.00
RAILWAY TAX ACCRUALS.....	\$ 787,300.04	\$ 846,439.28	\$ 957,904.95	\$ 1,047,594.65	\$ 1,314,327.49
UNCOLLECTIBLE RAILWAY REVENUES.....	2,298.97	5,817.28	5,114.99	10,804.49	7,666.68
Total Tax Accruals and Uncollectible Revenues.....	\$ 789,599.01	\$ 852,256.56	\$ 963,019.94	\$ 1,058,399.14	\$ 1,321,994.17
Total Operating Income.....	\$ 3,225,521.94	\$ 2,335,219.68	\$ 3,455,388.49	\$ 4,776,544.68	\$ 3,957,434.83

THE KANSAS CITY SOUTHERN RAILWAY COMPANY

TEXARKANA & FORT SMITH RAILWAY COMPANY

Comparative Statement of Classified Revenue Tonnage for the Year Ended December 31, 1922

COMMODITIES	FREIGHT ORIGINATING ON THIS ROAD		FREIGHT RECEIVED FROM CONNECTING LINES		TOTAL TONS		PER CENT.	
	1922	1921	1922	1921	1922	1921	1922	1921
PRODUCTS OF AGRICULTURE:								
Wheat.....	94,325	291,389	81,201	155,246	175,526	446,635	3.2	8.7
Corn.....	44,749	71,749	61,892	32,864	106,641	104,613	2.0	2.0
Oats.....	43,772	52,627	55,638	24,690	99,410	77,317	1.8	1.5
Other Grain.....	5,204	4,994	18,340	15,666	23,544	20,660	.4	.4
Flour and Meal.....	50,530	40,609	73,542	74,444	124,072	115,053	2.3	2.3
Other Mill Products.....	52,269	40,311	26,868	21,810	79,137	62,121	1.4	1.2
Hay, Straw and Alfalfa.....	19,986	21,283	13,649	7,703	33,635	28,986	.6	.6
Tobacco.....		12	27	5	27	17	.0	.0
Cotton.....	23,901	26,307	4,673	11,890	28,574	38,197	.5	.7
Cotton Seed and Products, except oil.....	20,986	23,938	11,420	42,396	32,406	66,334	.6	1.3
Citrus Fruits.....			1,060	1,071	1,060	1,071	.0	.0
Other Fresh Fruits.....	16,299	7,372	41,470	45,976	57,769	53,348	1.1	1.0
Potatoes.....	6,819	5,489	26,882	21,405	33,701	26,894	.6	.5
Other Fresh Vegetables.....	470	573	9,642	7,305	10,112	7,878	.2	.2
Dried Fruits and Vegetables....	158	158	3,674	2,533	3,832	2,691	.1	.1
Other Products of Agriculture..	1,447	6,771	15,173	16,956	16,620	23,727	.3	.5
Totals.....	380,915	593,582	445,151	481,960	826,066	1,075,542	15.1	21.0
ANIMALS AND PRODUCTS:								
Horses and Mules.....	4,918	2,602	1,294	666	6,212	3,268	.1	.1
Cattle and Calves.....	20,557	13,034	8,958	1,926	29,515	14,960	.5	.3
Sheep and Goats.....	908	579	641	178	1,549	757	.0	.0
Hogs.....	11,194	8,515	1,498	1,605	12,692	10,120	.2	.2
Fresh Meats.....	3,295	3,234	1,412	1,532	4,707	4,766	.1	.1
Other Packing House Products..	11,871	15,111	18,243	17,618	30,114	32,729	.6	.6
Poultry.....	2,226	1,982	205	115	2,431	2,097	.0	.0
Eggs.....	2,242	1,952	771	513	3,013	2,465	.1	.1
Butter and Cheese.....	178	279	2,364	2,053	2,542	2,332	.0	.0
Wool.....	234	132	67	24	301	156	.0	.0
Hides and Leather.....	976	1,158	1,640	1,897	2,616	3,055	.1	.1
Other Products of Animals.....	22,892	21,836	12,570	7,423	35,462	29,259	.7	.6
Totals.....	81,491	70,414	49,663	35,550	131,154	105,964	2.4	2.1
PRODUCTS OF MINES:								
Anthracite Coal.....				34		34		.0
Bituminous Coal.....	536,666	346,084	216,357	174,583	753,023	520,667	13.7	10.2
Coke.....		1,900	5,560	2,254	5,560	4,154	.1	.1
Iron Ore.....			20	20	20	20	.0	.0
Other Ores and Concentrates...	15,217	17,229	12,287	14,880	27,504	32,109	.5	.6
Base Bullion and Matte.....			15	792	15	792	.0	.0
Clay, Gravel, Sand and Stone..	142,072	135,444	159,583	119,679	301,655	255,123	5.5	5.0
Crude Petroleum.....	3,927	13,030	221,673	212,552	225,600	225,582	4.1	4.4
Asphaltum.....	218,296	148,493	8,073	2,993	226,369	151,486	4.3	3.0
Salt.....	79	155	15,227	7,715	15,306	7,870	.2	.1
Other Products of Mines.....	3,896	1,802	66,148	40,931	70,044	42,733	1.3	.8
Totals.....	920,153	664,137	704,943	576,433	1,625,096	1,240,570	29.7	24.2
Carried Forward.....	1,382,559	1,328,133	1,199,757	1,093,943	2,582,316	2,422,076	47.2	47.3

THE KANSAS CITY SOUTHERN RAILWAY COMPANY
TEXARKANA & FORT SMITH RAILWAY COMPANY

Comparative Statement of Classified Revenue Tonnage for the Year Ended December 31, 1922

COMMODITIES	FREIGHT ORIGINATING ON THIS ROAD		FREIGHT RECEIVED FROM CONNECTING LINES		TOTAL TONS		PER CENT.	
	1922	1921	1922	1921	1922	1921	1922	1921
Brought Forward.....	1,382,559	1,328,133	1,199,757	1,093,943	2,582,316	2,422,076	47.2	47.3
PRODUCTS OF FORESTS:								
Logs, Posts, Poles and Cord-wood.....	62,521	42,974	22,404	17,518	84,925	60,492	1.6	1.2
Ties.....	137,067	119,937	23,801	16,142	160,868	136,079	2.9	2.6
Pulp Wood.....		39	42	37	42	76	.0	.0
Lumber, Timber, Box Shooks, Staves and Headings	479,594	581,669	460,570	444,642	940,164	1,026,311	17.2	20.0
Other Products of Forests.....	8,188	5,904	7,101	7,949	15,289	13,853	.3	.3
Totals.....	687,370	750,523	513,918	486,288	1,201,288	1,236,811	22.0	24.1
MANUFACTURES AND MISCELLANEOUS:								
Refined Petroleum.....	513,128	421,945	247,914	290,674	761,042	712,619	13.9	13.9
Vegetable Oils.....	2,318	3,302	6,649	8,029	8,967	11,331	.2	.2
Sugar, Syrup, Glucose and Molasses.....	3,216	1,323	55,153	52,346	58,369	53,669	1.1	1.0
Boats and Vessel Supplies.....	5			10	5	10	.0	.0
Iron, Pig and Bloom.....			7,047	2,578	7,047	2,578	.1	.1
Rails and Fastenings.....	5,571	5,011	3,140	5,709	8,711	10,720	.2	.2
Bar and Sheet Iron, Structural Iron and Iron Pipe.....	13,612	14,175	166,830	111,370	180,442	125,545	3.3	2.5
Other Metals, Pig, Bar and Sheet.....	2,362	350	29,198	19,790	31,560	20,140	.6	.4
Castings, Machinery and Boilers	4,129	4,256	14,005	13,396	18,134	17,652	.3	.3
Cement.....	748	701	30,906	25,956	31,654	26,657	.6	.5
Brick and Artificial Stone.....	26,483	26,850	34,168	19,409	60,651	46,259	1.1	.9
Lime and Plaster.....	1,942	1,406	2,639	2,107	4,581	3,513	.1	.1
Sewer Pipe and Drain Tile.....	6,674	4,478	1,606	1,113	8,280	5,591	.2	.1
Agricultural Implements and Vehicles, except automobiles...	3,008	1,316	8,244	4,991	11,252	6,307	.2	.1
Automobiles and Auto Trucks	1,353	1,121	16,473	11,107	17,826	12,228	.3	.2
Household Goods and Second Hand Furniture.....	2,926	4,066	3,155	3,804	6,081	7,870	.1	.2
Furniture (New).....	1,303	705	4,713	4,259	6,016	4,964	.1	.1
Beverages.....	287	207	1,802	2,545	2,089	2,752	.0	.1
Ice.....	21,378	29,829	176	77	21,554	29,906	.4	.6
Fertilizers (All Kinds).....	6,877	4,101	2,324	1,644	9,201	5,745	.2	.1
Paper, Printed Matter and Books.....	140	226	11,718	5,278	11,858	5,504	.2	.1
Chemicals and Explosives.....	7,856	2,977	16,530	12,545	24,386	15,522	.5	.3
Textiles.....	143	106	7,201	4,176	7,344	4,282	.1	.1
Canned Goods (All Canned Food Products).....	1,329	2,101	20,267	16,001	21,596	18,102	.4	.4
Other Manufactures and Miscellaneous.....	137,783	116,123	120,019	84,960	257,802	201,083	4.7	3.9
Totals.....	764,571	646,675	811,877	703,874	1,576,448	1,350,549	28.9	26.4
Merchandise—All L. C. L. Freight	70,365	80,262	34,762	32,398	105,127	112,660	1.9	2.2
GRAND TOTALS.....	2,904,865	2,805,593	2,560,314	2,316,503	5,465,179	5,122,096	100.0	100.0

THE KANSAS CITY SOUTHERN RAILWAY COMPANY

TEXARKANA & FORT SMITH RAILWAY COMPANY

Comparative Statement of Train, Locomotive and Car Mileage for the Year Ended December 31, 1922

	1922	1921
TRAIN MILEAGE:		
Freight.....	2,012,080	2,117,420
Passenger.....	1,396,269	1,325,958
Mixed.....	9,434	19,055
Total Revenue Train Mileage.....	3,417,783	3,462,433
ADDITIONAL LOCOMOTIVE MILEAGE:		
Light and Helping Freight.....	189,604	171,930
Light and Helping Passenger.....	24,486	13,840
Light and Helping Mixed.....		3
Switching.....	992,389	982,345
Passenger—Nonrevenue.....	1,457	2,788
Work.....	61,976	80,555
Total Locomotive Mileage.....	4,687,695	4,713,894
CAR MILEAGE:		
Loaded Freight—North.....	33,941,041	29,525,561
Loaded Freight—South.....	25,278,470	26,795,409
Empty Freight—North.....	4,861,737	7,592,883
Empty Freight—South.....	15,994,794	14,744,146
Total Freight Car Mileage.....	80,076,042	78,657,999
Average Car-miles per Car-day.....	36.5	36.9

THE KANSAS CITY SOUTHERN RAILWAY COMPANY
TEXARKANA & FORT SMITH RAILWAY COMPANY

**Comparative Statement Showing Performance of Locomotives for the Year Ended
December 31, 1922**

	1922	1921
Cost of Repairs to Locomotives and Tenders	\$1,674,804.81	\$1,531,968.94
Per Mile run .....	.3573	.3250
Cost of Fuel used	\$2,054,882.84	\$2,327,968.99
Cost of Fuel Station Operation	63,590.96	63,772.27
Total Cost of Fuel per Mile run .....	.4519	.5074
Cost of Enginemen, Firemen and Roundhousemen	\$1,233,850.75	\$1,273,743.80
Per Mile run .....	.2632	.2702
Cost of Water Supply	\$ 112,780.51	\$ 119,803.71
Per Mile run .....	.0241	.0254
Cost of Lubricating Oil and Grease used	\$ 26,890.63	\$ 25,188.67
Per Mile run .....	.0057	.0054
Cost of Waste used	\$ 2,273.62	\$ 3,456.10
Per Mile run .....	.0005	.0007
Cost of Other Supplies	\$ 43,236.56	\$ 45,823.26
Per Mile run .....	.0092	.0097
Total Cost	\$5,212,310.68	\$5,391,725.74
Total Cost per Mile run	1.1119	1.1438
Tons of Coal used	158,699	192,742
Price per Ton	\$5.07	\$5.24
Barrels of Fuel Oil used	1,053,648	784,389
Price per Barrel	\$1.32	\$1.81
Miles Run per Ton of Coal used	10.08	11.86
Miles Run per Barrel of Oil used	2.93	3.10
Pints of Lubricating Oil and Grease used	345,958	322,808
Price per Pint	\$.0777	\$.0780
Miles Run per Pint of Lubricating Oil and Grease used	13.55	14.60
Miles Run per Pint of All Oils used	9.65	10.12
Pounds of Waste used	23,365	24,904
Price per Pound	\$.0973	\$.1388
Miles Run per Pound of Waste used	200.63	189.28

NOTE—Includes performance of Terminal Division locomotives and locomotives in work service.

THE KANSAS CITY SOUTHERN RAILWAY COMPANY
TEXARKANA & FORT SMITH RAILWAY COMPANY
Condensed Statement of Comparative Operating Results for the Year Ended
December 31, 1922

	1922	1921
Mileage Operated.....	841.55	841.64
Number of Tons carried:		
Revenue freight.....	5,465,179	5,122,096
Company freight.....	596,672	607,815
Average Distance (Miles) each ton was carried:		
Revenue freight.....	275.88	303.30
Including Company freight.....	259.95	282.81
Number of Tons carried one mile:		
Revenue freight.....	1,507,715,528	1,553,508,601
Company freight.....	68,084,525	66,945,990
Number of Tons carried one mile per mile of road:		
Revenue freight.....	1,791,594	1,845,811
Including Company freight.....	1,872,497	1,925,354
Tons to each loaded car:		
Revenue freight.....	25.46	27.58
Including Company freight.....	26.61	28.77
Tons to each loaded and empty car:		
Revenue freight.....	18.83	19.75
Including Company freight.....	19.68	20.60
Cars to each train:		
Loaded.....	29.38	26.56
Empty.....	10.36	10.55
Train Load in tons:		
Revenue freight.....	747.41	729.97
Including Company freight.....	781.16	761.42
Gross Ton Miles—Freight.....	3,284,717,923	3,181,073,263
Per freight train mile.....	1,632.50	1,502.33
Per freight locomotive mile.....	1,491.91	1,389.51
Number of Passengers carried—Earning revenue.....	1,248,468	1,595,408
Average Distance (Miles) each passenger was carried.....	50.65	44.72
Number of Passengers carried one mile.....	63,233,107	71,358,404
Per mile of road.....	75,139	84,785
Freight Revenue.....	\$16,336,124.86	\$17,674,399.84
Per mile of road.....	19,411.95	20,999.95
Per revenue freight train mile.....	8.09823	8.30488
Per ton of freight.....	2.98913	3.45062
Per ton per mile.....	.01084	.01138
Passenger Revenue.....	\$ 2,201,623.92	\$ 2,477,395.17
Per passenger.....	1.76346	1.55282
Per passenger per mile.....	.03482	.03472
Freight and Passenger Revenue.....	\$18,537,748.78	\$20,151,795.01
Per mile of road.....	22,028.10	23,943.49
Passenger Service Train Revenue.....	\$ 2,884,091.90	\$ 3,090,647.30
Per mile of road.....	3,427.12	3,672.17
Per revenue passenger train mile.....	2.0608	2.31963
Gross Revenues from Operation.....	\$20,361,179.59	\$21,768,140.38
Per mile of road.....	24,194.85	25,863.96
Per revenue train mile.....	5.95742	5.70430
Maintenance of Way and Structures.....	\$ 2,562,345.79	\$ 3,033,548.17
Per mile of road.....	3,044.79	3,604.33
Per revenue train mile.....	.74971	.79494
Maintenance of Equipment.....	\$ 4,100,872.45	\$ 3,899,867.16
Per mile of road.....	4,873.00	4,633.65
Per revenue train mile.....	1.19986	1.02195
Traffic Expenses.....	\$ 502,350.45	\$ 519,999.95
Per mile of road.....	596.94	617.84
Per revenue train mile.....	.14698	.13626
Transportation Expenses.....	\$ 7,023,098.56	\$ 7,673,980.95
Per mile of road.....	8,345.43	9,117.89
Per revenue train mile.....	2.05487	2.01095
Miscellaneous Operations.....	\$ 5,120.72	
Per mile of road.....	6.08	
Per revenue train mile.....	.00150	
General Expenses.....	\$ 902,220.32	\$ 991,033.35
Per mile of road.....	1,072.09	1,177.50
Per revenue train mile.....	.26398	.25970
Transportation for Investment—Cr.....	\$ 12,548.48	\$ 14,437.37
Per mile of road.....	14.91	17.15
Per revenue train mile.....	.00367	.00378
Total Operating Expenses.....	\$15,083,459.81	\$16,103,992.21
Per mile of road.....	17,923.42	19,134.06
Per revenue train mile.....	4.41323	4.22002
Net Revenue from Operation.....	\$ 5,277,719.78	\$ 5,664,148.17
Per mile of road.....	6,271.43	6,729.90
Per revenue train mile.....	1.54419	1.48428
Ratio Operating Expenses to Gross Revenues.....	74.08%	73.98%
Ratio Operating Expenses and Taxes to Gross Revenues.....	80.54%	78.91%

THE ARKANSAS WESTERN RAILWAY COMPANY

Comparative General Balance Sheet, December 31, 1922

ASSETS	DECEMBER 31, 1922	DECEMBER 31, 1921	INCREASE	DECREASE
INVESTMENTS.				
Investment in Road and Equipment.....	\$1,284,992.53	\$1,285,291.76		\$ 299.23
Miscellaneous Physical Property.....	167.00	167.00		
Total Investments.....	\$1,285,159.53	\$1,285,458.76		\$ 299.23
CURRENT ASSETS.				
Cash.....	\$ 9,003.17	\$ 3,770.08	\$ 5,233.09	
Traffic and Car-service Balances receivable.....	2,074.48	537.79	1,536.69	
Net Balance receivable from Agents and Conductors.....	235.47	1,438.45		\$ 1,202.98
Miscellaneous Accounts receivable.....	1,215.81	3,668.66		2,452.85
Material and Supplies.....	558.14	3,653.23		3,095.09
Other Current Assets.....	57.41	112.69		55.28
Total Current Assets.....	\$ 13,144.48	\$ 13,180.90		\$ 36.42
DEFERRED ASSETS.				
Other Deferred Assets:				
U. S. Government accounts.....	\$ 19,304.49	\$ 19,304.49		
UNADJUSTED DEBITS.				
Rents and Insurance Premiums paid in advance.....	\$ 90.84	\$ 3.48	\$ 87.36	
Other Unadjusted Debits:				
U. S. Government—Income Guaranty.....	17,974.47	17,974.47		
Other accounts.....	327.17	3,506.25		\$ 3,179.08
Total Unadjusted Debits.....	\$ 18,392.48	\$ 21,484.20		\$ 3,091.72
Grand Totals.....	\$1,336,000.98	\$1,339,428.35		\$ 3,427.37

LIABILITIES	DECEMBER 31, 1922	DECEMBER 31, 1921	INCREASE	DECREASE
CAPITAL STOCK.....	\$ 650,000.00	\$ 650,000.00		
LONG-TERM DEBT.				
Funded Debt Unmatured:				
First Mortgage 30-Year 5 Per Cent. Bonds, due July 1, 1934.....	\$ 650,000.00	\$ 650,000.00		
Nonnegotiable Debt to Affiliated Companies:				
Notes—The Kansas City Southern Ry. Co.....	391,000.00	358,500.00	\$32,500.00	
Open Account—The Kansas City Southern Ry. Co.....	186,000.00	136,000.00	50,000.00	
Total Long-term Debt.....	\$1,227,000.00	\$1,144,500.00	\$82,500.00	
CURRENT LIABILITIES.				
Traffic and Car-service Balances payable.....	\$ 2,091.70	\$ 2,005.74	\$ 85.96	
Audited Accounts and Wages payable.....	6,786.07	21,042.76		\$14,256.69
Miscellaneous Accounts payable.....	141.05	156.82		15.77
Unmatured Interest accrued—The Kansas City Southern Ry. Co.....	2,708.33	2,708.33		
Other Current Liabilities.....	147.06	404.61		257.55
Total Current Liabilities.....	\$ 11,874.21	\$ 26,318.26		\$14,444.05
DEFERRED LIABILITIES.				
Other Deferred Liabilities:				
U. S. Government accounts.....	\$ 21,349.08	\$ 21,384.06		\$ 34.98
UNADJUSTED CREDITS.				
Tax Liability.....	\$ 9,733.31	\$ 9,495.66	\$ 237.65	
Other Unadjusted Credits:				
U. S. Government—Accrued Standard Return.....	14,246.94	14,246.94		
Other accounts.....	2,521.03	3,070.37		\$ 549.34
Total Unadjusted Credits.....	\$ 26,501.28	\$ 26,812.97		\$ 311.69
Total Liabilities.....	\$1,936,724.57	\$1,869,015.29	\$67,709.28	
CORPORATE DEFICIT.				
Additions to Property through Income and Surplus.....	Cr. \$ 3,533.12	Cr. \$ 1,735.25	Cr. \$1,797.87	
Profit and Loss debit balance.....	604,256.71	531,322.19	72,934.52	
Total Corporate Deficit.....	\$ 600,723.59	\$ 529,586.94	\$71,136.65	
Grand Totals.....	\$1,336,000.98	\$1,339,428.35		\$ 3,427.37

The above Balance Sheet as at December 31, 1922, in our opinion correctly shows the financial position of The Arkansas Western Railway Company at that date as an individual Company, subject to such adjustment as may be required in the settlement of U. S. Government accounts, and is included in the Combined Balance Sheet of The Kansas City Southern Railway Company and its Subsidiary Companies.

134 SOUTH LA SALLE STREET,
CHICAGO, April 12, 1923.

PRICE, WATERHOUSE & CO.

THE ARKANSAS WESTERN RAILWAY COMPANY

Income Account for the Year Ended December 31, 1922

	1922	1921
OPERATING INCOME.		
Railway Operating Revenues.....	\$ 53,982.07	\$ 59,758.91
Railway Operating Expenses.....	71,611.15	112,082.38
Net Revenue from Railway Operations—Deficit.....	\$ 17,629.08	\$ 52,323.47
Railway Tax Accruals.....	\$ 6,467.53	\$ 12,064.52
Uncollectible Railway Revenues.....	42.70	114.20
Total Tax Accruals and Uncollectible Revenues.....	\$ 6,510.23	\$ 12,178.72
Total Operating Income—Deficit.....	\$ 24,139.31	\$ 64,502.19
NONOPERATING INCOME.		
Miscellaneous Rent Income.....	\$ 22.00	\$ 90.00
Income from Unfunded Securities and Accounts.....	216.78	309.33
Miscellaneous Income:		
Revenues Prior to January 1, 1918.....		3.33
Other Miscellaneous Income.....	2.00	1.00
Total Nonoperating Income.....	\$ 240.78	\$ 403.66
Gross Income—Deficit.....	\$ 23,898.53	\$ 64,098.53
DEDUCTIONS FROM GROSS INCOME.		
Hire of Freight Cars—Debit balance.....	\$ 2,715.28	\$ 4,215.64
Rent for Locomotives.....	8,307.40	9,012.96
Rent for Passenger-train Cars.....	5,840.00	6,336.00
Interest on Funded Debt.....	32,500.00	32,500.00
Interest on Unfunded Debt.....	11.88	15.38
Miscellaneous Income Charges:		
Expenses Prior to January 1, 1918.....		Cr. 28.53
Total Deductions from Gross Income.....	\$ 49,374.56	\$ 52,051.45
Net Income—Deficit.....	\$ 73,273.09	\$ 116,149.98

Profit and Loss Account for the Year Ended December 31, 1922

	DEBITS	CREDITS
Debit Balance at beginning of year.....	\$531,322.19	
Unrefundable Overcharges.....		\$ 8.64
Donations.....		1,797.87
Miscellaneous Credits.....		658.61
Surplus Appropriated for Investment in Physical Property.....	1,797.87	
Loss on Retired Road and Equipment.....	115.63	
Miscellaneous Debits.....	213.05	
Debit Balance transferred from Income.....	73,273.09	
Debit Balance carried to Balance Sheet.....		604,256.71
Totals.....	\$606,721.83	\$606,721.83

THE ARKANSAS WESTERN RAILWAY COMPANY
Comparative Statement of Revenues and Expenses for the Year Ended December 31, 1922
(Includes Federal Lap-overs From January 1 to September 30, 1921)

	1922	1921
RAILWAY OPERATING REVENUES.		
TRANSPORTATION—RAIL LINE:		
Freight.....	\$38,257.39	\$ 40,970.37
Passenger.....	11,018.23	14,359.74
Excess Baggage.....	135.18	58.34
Mail.....	1,988.44	2,317.74
Express.....	2,038.27	1,381.68
Other Passenger-train.....	55.64	13.92
Other Freight-train.....	.08	
INCIDENTAL.....	488.84	745.66
Total Railway Operating Revenues.....	\$53,982.07	\$ 59,847.45
RAILWAY OPERATING EXPENSES.		
MAINTENANCE OF WAY AND STRUCTURES.....	\$40,308.93	\$ 38,141.39
MAINTENANCE OF EQUIPMENT.....	2,922.68	3,579.71
TRAFFIC.....	642.87	793.65
TRANSPORTATION—RAIL LINE.....	25,058.24	66,915.83
GENERAL.....	2,678.43	2,472.07
TRANSPORTATION FOR INVESTMENT—Cr.....		.83
Total Railway Operating Expenses.....	\$71,611.15	\$111,901.82
Net Revenue from Railway Operations—Deficit.....	\$17,629.08	\$ 52,054.37
RAILWAY TAX ACCRUALS.....	\$ 6,467.53	\$ 12,064.52
UNCOLLECTIBLE RAILWAY REVENUES.....	42.70	132.02
Total Tax Accruals and Uncollectible Revenues.....	\$ 6,510.23	\$ 12,196.54
Total Operating Income—Deficit.....	\$24,139.31	\$ 64,250.91

THE ARKANSAS WESTERN RAILWAY COMPANY

Statement of Revenues, Etc., Accrued Prior to March 1, 1920, and Credited by the Railway Company to the United States Railroad Administration

RAILWAY OPERATING REVENUES.		
TRANSPORTATION—RAIL LINE:		
Freight.....	Dr. \$1,062.80	
Passenger.....	Dr. 16.50	Dr. \$1,079.30
Total Revenues Prior to March 1, 1920.....		Dr. \$1,079.30

Statement of Expenses, Etc., Accrued Prior to March 1, 1920, and Charged by the Railway Company to the United States Railroad Administration

RAILWAY OPERATING EXPENSES.		
MAINTENANCE OF WAY AND STRUCTURES.....	\$60.39	
TRANSPORTATION—RAIL LINE.....	Cr. 30.38	
GENERAL.....	.18	\$30.19
UNCOLLECTIBLE RAILWAY REVENUES.....		3.03
Total Expenses Prior to March 1, 1920.....		\$33.22

THE POTEAU VALLEY RAILROAD COMPANY
Comparative General Balance Sheet, December 31, 1922

ASSETS	DECEMBER 31, 1922	DECEMBER 31, 1921	INCREASE	DECREASE
INVESTMENTS.				
Investment in Road and Equipment	\$103,930.90	\$103,918.10	\$ 12.80	
CURRENT ASSETS.				
Cash	\$ 2,236.67	\$ 3,184.04		\$ 947.37
Traffic and Car-service Balances receivable	1,582.36	1,693.57		111.21
Net Balance receivable from Agents and Conductors	7.31	115.31		108.00
Miscellaneous Accounts receivable	135.52	710.24		574.72
Material and Supplies	252.16	801.53		549.37
Total Current Assets	\$ 4,214.02	\$ 6,504.69		\$2,290.67
DEFERRED ASSETS.				
Other Deferred Assets:				
U. S. Government accounts	\$ 2,663.63	\$ 2,663.63		
UNADJUSTED DEBITS.				
Rents and Insurance Premiums paid in advance	\$ 58.44	\$ 1.02	\$ 57.42	
Other Unadjustable Debits:				
U. S. Government—Income Guaranty	10,208.38	10,208.38		
Other accounts	231.11	1,853.66		\$1,622.55
Total Unadjusted Debits	\$ 10,497.93	\$ 12,063.06		\$1,565.13
Grand Totals	\$121,306.48	\$125,149.48		\$3,843.00

LIABILITIES	DECEMBER 31, 1922	DECEMBER 31, 1921	INCREASE	DECREASE
CAPITAL STOCK.	\$100,800.00	\$100,800.00		
LONG-TERM DEBT.				
Nonnegotiable Debt to Affiliated Companies:				
Open Account—The Kansas City Southern Ry. Co.	\$ 80,500.00	\$ 59,000.00	\$21,500.00	
CURRENT LIABILITIES.				
Traffic and Car-service Balances payable	\$ 365.97	\$ 337.76	\$ 28.21	
Audited Accounts and Wages payable	2,925.65	8,722.16		\$5,796.51
Other Current Liabilities	2.61	235.34		232.73
Total Current Liabilities	\$ 3,294.23	\$ 9,295.26		\$6,001.03
DEFERRED LIABILITIES.				
Other Deferred Liabilities:				
U. S. Government accounts	\$ 11,906.15	\$ 11,892.32	\$ 13.83	
UNADJUSTED CREDITS.				
Tax Liability	\$ 2,615.00	\$ 1,548.60	\$ 1,066.40	
Accrued Depreciation—Equipment	225.94	191.62	34.32	
Other Unadjusted Credits:				
U. S. Government—Accrued Standard Return	7,003.08	7,003.08		
Other accounts	758.05	1,268.81		\$ 510.76
Total Unadjusted Credits	\$ 10,602.07	\$ 10,012.11	\$ 589.96	
Total Liabilities	\$207,102.45	\$190,999.69	\$16,102.76	
CORPORATE DEFICIT.				
Profit and Loss debit balance	85,795.97	65,850.21	19,945.76	
Grand Totals	\$121,306.48	\$125,149.48		\$3,843.00

The above Balance Sheet as at December 31, 1922, in our opinion correctly shows the financial position of The Poteau Valley Railroad Company at that date as an individual Company, subject to such adjustment as may be required in the settlement of U. S. Government accounts, and is included in the Combined Balance Sheet of The Kansas City Southern Railway Company and its Subsidiary Companies.

134 SOUTH LA SALLE STREET,
CHICAGO, April 12, 1923.

PRICE, WATERHOUSE & CO.

THE POTEAU VALLEY RAILROAD COMPANY

Income Account for the Year Ended December 31, 1922

	1922	1921
OPERATING INCOME.		
Railway Operating Revenues	\$15,272.50	\$26,599.38
Railway Operating Expenses	22,168.38	31,361.26
Net Revenue from Railway Operations—Deficit	\$ 6,895.88	\$ 4,761.88
Railway Tax Accruals	\$ 1,842.40	\$ 1,438.87
Uncollectible Railway Revenues	16.43	.55
Total Tax Accruals and Uncollectible Revenues	\$ 1,858.83	\$ 1,439.42
Total Operating Income—Deficit	\$ 8,754.71	\$ 6,201.30
NONOPERATING INCOME.		
Rent from Locomotives		\$ 25.00
Miscellaneous Rent Income		Dr. 272.00
Income from Unfunded Securities and Accounts	\$ 68.22	67.95
Miscellaneous Income:		
Revenues Prior to January 1, 1918	Dr. 1.24	Dr. 371.46
Total Nonoperating Income	\$ 66.98	Dr. \$ 550.51
Gross Income—Deficit	\$ 8,687.73	\$ 6,751.81
DEDUCTIONS FROM GROSS INCOME.		
Hire of Freight Cars—Debit balance	\$ 2,638.00	\$ 5,243.00
Rent for Locomotives	7,058.92	11,456.28
Rent for Passenger-train Cars		64.00
Interest on Unfunded Debt	1.17	.04
Miscellaneous Income Charges:		
Expenses Prior to January 1, 1918 .....	.44	
Total Deductions from Gross Income	\$ 9,698.53	\$16,763.32
Net Income—Deficit	\$18,386.26	\$23,515.13

Profit and Loss Account for the Year Ended December 31, 1922

	DEBITS	CREDITS
Debit Balance at beginning of year	\$65,850.21	
Unrefundable Overcharges		\$ 5.73
Miscellaneous Credits		8.86
Miscellaneous Debits	1,574.09	
Debit Balance transferred from Income	18,386.26	
Debit Balance carried to Balance Sheet		85,795.97
Totals	\$85,810.56	\$85,810.56

THE POTEAU VALLEY RAILROAD COMPANY
Statement of Revenues, Etc., Accrued Prior to January 1, 1918, and Credited by the United States Railroad Administration to the Railroad Company

RAILWAY OPERATING REVENUES.		
INCIDENTAL	Dr.	\$1.24
Total Revenues Prior to January 1, 1918.....	Dr.	\$1.24

Statement of Expenses, Etc., Accrued Prior to January 1, 1918, and Charged by the United States Railroad Administration to the Railroad Company

RAILWAY OPERATING EXPENSES.		
MAINTENANCE OF WAY AND STRUCTURES.....		\$.44
Total Expenses Prior to January 1, 1918.....		\$.44

THE POTEAU VALLEY RAILROAD COMPANY
Comparative Statement of Revenues and Expenses for the Year Ended December 31, 1922
(Includes Federal Lap-overs from January 1 to September 30, 1921)

	1922	1921
RAILWAY OPERATING REVENUES.		
TRANSPORTATION—RAIL LINE:		
Freight.....	\$14,068.40	\$24,244.20
Passenger.....	646.12	1,870.06
Excess Baggage.....	2.60	5.46
Mail.....	147.37	397.68
Other Passenger-train.....	25.92	7.94
Other Freight-train.....		.30
INCIDENTAL.....	382.09	4.60
Total Railway Operating Revenues.....	\$15,272.50	\$26,530.24
RAILWAY OPERATING EXPENSES.		
MAINTENANCE OF WAY AND STRUCTURES.....	\$ 8,487.39	\$ 9,460.25
MAINTENANCE OF EQUIPMENT.....	713.01	2,366.55
TRAFFIC.....	.38	20.46
TRANSPORTATION—RAIL LINE.....	11,815.98	18,376.70
GENERAL.....	1,151.62	1,128.70
Total Railway Operating Expenses.....	\$22,168.38	\$31,352.66
Net Revenue from Railway Operations—Deficit.....	\$ 6,895.88	\$ 4,822.42
RAILWAY TAX ACCRUALS.....	\$ 1,842.40	\$ 1,438.87
UNCOLLECTIBLE RAILWAY REVENUES.....	16.43	.55
Total Tax Accruals and Uncollectible Revenues.....	\$ 1,858.83	\$ 1,439.42
Total Operating Income—Deficit.....	\$ 8,754.71	\$ 6,261.84

THE POTEAU VALLEY RAILROAD COMPANY
Statement of Revenues, Etc., Accrued Prior to March 1, 1920, and Credited by the Railroad
Company to the United States Railroad Administration

RAILWAY OPERATING REVENUES.		
TRANSPORTATION—RAIL LINE:		
Freight.....	Dr.	\$38.71
INCIDENTAL.....		.97
Total Revenues Prior to March 1, 1920.....	Dr.	\$37.74

Statement of Expenses, Etc., Accrued Prior to March 1, 1920, and Charged by the Railroad
Company to the United States Railroad Administration

RAILWAY OPERATING EXPENSES.		
MAINTENANCE OF WAY AND STRUCTURES.....		\$1,582.55
GENERAL.....		1.85
Total Expenses Prior to March 1, 1920.....		\$1,584.40

THE KANSAS CITY, SHREVEPORT & GULF TERMINAL COMPANY

Comparative General Balance Sheet, December 31, 1922

ASSETS	DECEMBER 31, 1922	DECEMBER 31, 1921	INCREASE	DECREASE
INVESTMENTS.				
Investment in Road and Equipment	\$590,944.72	\$581,277.92	\$ 9,666.80	
Total Investments	\$590,944.72	\$581,277.92	\$ 9,666.80	
CURRENT ASSETS.				
Cash	\$ 36,141.83	\$ 33,001.57	\$ 3,140.26	
Special Deposits	210.00	180.00	30.00	
Miscellaneous Accounts receivable	15,529.64	16,867.39		\$ 1,337.75
Rents receivable	3,561.10	2,500.00	1,061.10	
Total Current Assets	\$ 55,442.57	\$ 52,548.96	\$ 2,893.61	
DEFERRED ASSETS.				
Other Deferred Assets:				
U. S. Government accounts	\$ 5,902.33	\$ 5,902.33		
UNADJUSTED DEBITS.				
Rents and Insurance Premiums paid in advance	\$ 2,015.93	\$ 1,353.45	\$ 662.48	
Other Unadjusted Debits:				
U. S. Government—Accrued Standard Return	13,031.78	13,031.78		
Other accounts	1,571.23	3,685.24		\$ 2,114.01
Total Unadjusted Debits	\$ 16,618.94	\$ 18,070.47		\$ 1,451.53
Grand Totals	\$668,908.56	\$657,799.68	\$11,108.88	

LIABILITIES	DECEMBER 31, 1922	DECEMBER 31, 1921	INCREASE	DECREASE
CAPITAL STOCK	\$150,000.00	\$150,000.00		
LONG-TERM DEBT.				
Funded Debt Unmatured:				
First Mortgage 30-Year 4 Per Cent. Gold Bonds, due August 1, 1927	\$150,000.00	\$150,000.00		
Nonnegotiable Debt to Affiliated Companies:				
Open Account—The Kansas City Southern Ry. Co.	278,877.50	298,877.50		\$20,000.00
Total Long-term Debt	\$428,877.50	\$448,877.50		\$20,000.00
CURRENT LIABILITIES.				
Audited Accounts and Wages payable	\$ 8,397.24	\$ 11,370.16		\$ 2,972.92
Miscellaneous Accounts payable	848.00	1,554.95		706.95
Interest Matured unpaid	210.00	180.00	\$ 30.00	
Unmatured Interest accrued	2,500.00	2,500.00		
Other Current Liabilities	212.80	149.84	62.96	
Total Current Liabilities	\$ 12,168.04	\$ 15,754.95		\$ 3,586.91
DEFERRED LIABILITIES.				
Other Deferred Liabilities:				
U. S. Government accounts	\$ 13,963.58	\$ 13,839.29	\$ 124.29	
UNADJUSTED CREDITS.				
Tax Liability	\$ 445.00		\$ 445.00	
Other Unadjusted Credits	12,551.64	\$ 2,556.76	9,994.88	
Total Unadjusted Credits	\$ 12,996.64	\$ 2,556.76	\$10,439.88	
CORPORATE SURPLUS.				
Additions to Property through Income and Surplus	\$ 139.94	\$ 139.94		
Appropriated Surplus not specifically invested	7,212.85		\$ 7,212.85	
Profit and Loss credit balance	43,550.01	26,631.24	16,918.77	
Total Corporate Surplus	\$ 50,902.80	\$ 26,771.18	\$24,131.62	
Grand Totals	\$668,908.56	\$657,799.68	\$11,108.88	

The above Balance Sheet as at December 31, 1922, in our opinion correctly shows the financial position of The Kansas City, Shreveport & Gulf Terminal Company at that date as an individual Company, subject to such adjustment as may be required in the settlement of U. S. Government accounts, and is included in the Combined Balance Sheet of The Kansas City Southern Railway Company and its Subsidiary Companies.

134 SOUTH LA SALLE STREET,
CHICAGO, April 12, 1923.

THE KANSAS CITY, SHREVEPORT & GULF TERMINAL COMPANY

Income Account for the Year Ended December 31, 1922

	1922	1921
OPERATING INCOME.		
Railway Tax Accruals.....	\$ 6,665.12	\$ 5,235.07
Total Operating Income—Deficit.....	\$ 6,665.12	\$ 5,235.07
NONOPERATING INCOME.		
Joint Facility Rent Income.....	\$35,186.21	\$10,150.68
Miscellaneous Rent Income.....	4,384.97	2,159.66
Miscellaneous Nonoperating Physical Property.....	Dr. 962.57	
Income from Unfunded Securities and Accounts.....	750.66	4,373.77
Total Nonoperating Income.....	\$39,359.27	\$16,684.11
Gross Income.....	\$32,694.15	\$11,449.04
DEDUCTIONS FROM GROSS INCOME.		
Miscellaneous Tax Accruals.....	\$ 298.15	Cr. 49.51
Interest on Funded Debt.....	6,000.00	6,000.00
Miscellaneous Income Charges:		
Expenses Prior to January 1, 1918.....		269.10
Miscellaneous Appropriations of Income.....	7,212.85	
Total Deductions from Gross Income.....	\$13,511.00	\$ 6,219.59
Net Income.....	\$19,183.15	\$ 5,229.45
Profit and Loss Account for the Year Ended December 31, 1922		
	DEBITS	CREDITS
Credit Balance at beginning of year.....		\$26,631.24
Credit Balance transferred from Income.....		19,183.15
Miscellaneous Credits.....		19.43
Miscellaneous Debits.....	\$ 2,283.81	
Credit Balance carried to Balance Sheet.....	43,550.01	
Totals.....	\$45,833.82	\$45,833.82

THE KANSAS CITY, SHREVEPORT & GULF TERMINAL COMPANY
Comparative Statement of Revenues and Expenses for the Year Ended December 31, 1922
(Includes Federal Lap-overs from January 1 to September 30, 1921)

	1922	1921
RAILWAY OPERATING REVENUES.		
INCIDENTAL.....	\$3,156.11	\$4,520.21
JOINT FACILITY.....	Dr. 3,156.11	Dr. 4,520.21
Total Railway Operating Revenues.....		
RAILWAY OPERATING EXPENSES.		
MAINTENANCE OF WAY AND STRUCTURES.....		\$ 128.13
TRANSPORTATION—RAIL LINE.....		275.00
Total Railway Operating Expenses.....		\$ 401.13
Net Revenue from Railway Operations—Deficit.....		\$ 401.13
RAILWAY TAX ACCRUALS.....	\$6,665.12	\$5,559.28
Total Operating Income—Deficit	\$6,665.12	\$5,960.41

THE KANSAS CITY, SHREVEPORT & GULF TERMINAL COMPANY
Statement of Revenues, Etc., Accrued Prior to March 1, 1920, and Credited by the Terminal
Company to the United States Railroad Administration

RAILWAY OPERATING REVENUES.		
INCIDENTAL.....	.....	\$ .18
Total Revenues Prior to March 1, 1920.....	.....	\$ .18

Statement of Expenses, Etc., Accrued Prior to March 1, 1920, and Charged by the Terminal
Company to the United States Railroad Administration

RAILWAY OPERATING EXPENSES.		
MAINTENANCE OF WAY AND STRUCTURES.....	\$.87	
TRANSPORTATION—RAIL LINE.....	Cr. 9.30	Cr. \$ 8.43
RAILWAY TAX ACCRUALS.....	.....	Cr. 298.15
Total Expenses Prior to March 1, 1920.....	.....	Cr. \$306.58

PORT ARTHUR CANAL & DOCK COMPANY
Comparative General Balance Sheet, December 31, 1922

ASSETS	DECEMBER 31, 1922	DECEMBER 31, 1921	INCREASE	DECREASE
INVESTMENTS.				
Property Investment.....	\$3,068,268.24	\$3,031,099.10	\$ 37,169.14	
Deposits in lieu of Mortgaged Property sold.....	14,604.69		14,604.69	
Total Investments.....	\$3,082,872.93	\$3,031,099.10	\$ 51,773.83	
CURRENT ASSETS.				
Cash.....	\$ 24,401.90	\$ 29,772.80		\$5,370.90
Net Balance receivable from Agents.....	632.61	7,199.59		6,566.98
Miscellaneous Accounts receivable.....	30,926.81	31,995.41		1,068.60
Material and Supplies.....	20,987.41	16,128.22	\$ 4,859.19	
Total Current Assets.....	\$ 76,948.73	\$ 85,096.02		\$8,147.29
DEFERRED ASSETS.				
Other Deferred Assets:				
U. S. Government accounts.....	\$ 15,812.78	\$ 15,812.78		
Other accounts.....	164.48	164.48		
Total Deferred Assets.....	\$ 15,977.26	\$ 15,977.26		
UNADJUSTED DEBITS.				
Insurance Premiums paid in advance.....	\$ 22,561.50	\$ 11,329.99	\$ 11,231.51	
Other Unadjusted Debits:				
U. S. Government—Income Guaranty.....	26,832.16	26,832.16		
Other accounts.....	83.86	7,992.29		\$7,908.43
Total Unadjusted Debits.....	\$ 49,477.52	\$ 46,154.44	\$ 3,323.08	
Grand Totals.....	\$3,225,276.44	\$3,178,326.82	\$ 46,949.62	

LIABILITIES	DECEMBER 31, 1922	DECEMBER 31, 1921	INCREASE	DECREASE
CAPITAL STOCK.....	\$1,000,000.00	\$1,000,000.00		
LONG-TERM DEBT.				
Funded Debt Unmatured:				
First Mortgage 5 Per Cent. Gold Bonds, due August 1, 1956.....	\$1,000,000.00	\$1,000,000.00		
Receiver's Certificates.....	69,529.05	69,529.05		
Nonnegotiable Debt to Affiliated Companies:				
Notes—The Kansas City Southern Ry. Co.....	883,333.33	833,333.33	\$ 50,000.00	
Open Account—The Kansas City Southern Ry. Co. . .	1,346,807.33	1,269,583.36	77,223.97	
Total Long-term Debt.....	\$3,299,669.71	\$3,172,445.74	\$127,223.97	
CURRENT LIABILITIES.				
Audited Accounts and Wages payable.....	\$ 37,261.33	\$ 23,276.27	\$ 13,985.06	
Miscellaneous Accounts payable.....		2,557.28		\$2,557.28
Unmatured Interest accrued—The Kansas City Southern Ry. Co.....	20,833.33	20,833.33		
Total Current Liabilities.....	\$ 58,094.66	\$ 46,666.88	\$ 11,427.78	
DEFERRED LIABILITIES.				
Other Deferred Liabilities:				
U. S. Government accounts.....	\$ 72,172.03	\$ 69,461.99	\$ 2,710.04	
Other accounts.....	9,651.49	12,228.75		\$2,577.26
Total Deferred Liabilities.....	\$ 81,823.52	\$ 81,690.74	\$ 132.78	
UNADJUSTED CREDITS.				
Other Unadjusted Credits:				
U. S. Government—Accrued Standard Return.....	\$ 78,107.12	\$ 78,107.12		
Other accounts.....	1,585.93	5,917.75		\$4,331.82
Total Unadjusted Credits.....	\$ 79,693.05	\$ 84,024.87		\$4,331.82
Total Liabilities.....	\$4,519,280.94	\$4,384,828.23	\$134,452.71	
CORPORATE DEFICIT.				
Additions to Property through Income and Surplus.....	Cr. \$ 108.00	Cr. \$ 108.00		
Profit and Loss debit balance.....	1,294,112.50	1,206,609.41	\$ 87,503.09	
Total Corporate Deficit.....	\$1,294,004.50	\$1,206,501.41	\$ 87,503.09	
Grand Totals.....	\$3,225,276.44	\$3,178,326.82	\$ 46,949.62	

The above Balance Sheet as at December 31, 1922, in our opinion correctly shows the financial position of the Port Arthur Canal & Dock Company at that date as an individual Company, subject to such adjustment as may be required in the settlement of U. S. Government accounts, and is included in the Combined Balance Sheet of The Kansas City Southern Railway Company and its Subsidiary Companies.

134 SOUTH LA SALLE STREET,
CHICAGO, April 12, 1923.

PRICE, WATERHOUSE & CO.

PORT ARTHUR CANAL & DOCK COMPANY
Income Account for the Year Ended December 31, 1922

	1922	1921
OPERATING INCOME.		
Operating Revenues.....	\$ 95,363.50	\$ 95,476.45
Operating Expenses.....	128,210.84	178,083.20
Net Revenue from Operations—Deficit.....	\$ 32,847.34	\$ 82,606.75
Tax Accruals.....	\$ 17,821.13	\$ 13,915.53
Total Operating Income—Deficit.....	\$ 50,668.47	\$ 96,522.28
NONOPERATING INCOME.		
Miscellaneous Rent Income.....	\$ 1,271.73	\$ 1,256.73
Income from Unfunded Securities and Accounts.....	459.02	791.70
Miscellaneous Income:		
Revenues Prior to January 1, 1918.....		66.87
Total Nonoperating Income.....	\$ 1,730.75	\$ 2,115.30
Gross Income—Deficit.....	\$ 48,937.72	\$ 94,406.98
DEDUCTIONS FROM GROSS INCOME.		
Interest on Funded Debt.....	\$ 50,000.00	\$ 50,000.00
Interest on Unfunded Debt.....	1,501.02	
Miscellaneous Income Charges:		
Expenses Prior to January 1, 1918.....		62.65
Total Deductions from Gross Income.....	\$ 51,501.02	\$ 50,062.65
Net Income—Deficit.....	\$100,438.74	\$144,469.63

Profit and Loss Account for the Year Ended December 31, 1922

	DEBITS	CREDITS
Debit Balance at beginning of year.....	\$1,206,609.41	
Profit on Road and Equipment sold.....		\$ 12,908.03
Miscellaneous Credits.....		116.06
Miscellaneous Debits.....	88.44	
Debit Balance transferred from Income.....	100,438.74	
Debit Balance carried to Balance Sheet.....		1,294,112.50
Totals.....	\$1,307,136.59	\$1,307,136.59

PORT ARTHUR CANAL & DOCK COMPANY

Comparative Statement of Revenues and Expenses for the Year Ended December 31, 1922

(Includes Federal Lap-overs from January 1 to September 30, 1921)

	1922	1921
OPERATING REVENUES.		
INCIDENTAL.....	\$ 95,363.50	\$ 95,474.95
OPERATING EXPENSES.		
MAINTENANCE OF WAY AND STRUCTURES.....	\$ 75,151.36	\$135,922.57
TRANSPORTATION.....	16,384.94	Cr. 8.22
MISCELLANEOUS OPERATIONS.....	36,040.54	41,660.06
GENERAL.....	634.00	1,114.50
Total Operating Expenses.....	\$128,210.84	\$178,688.91
Net Revenue from Operations—Deficit.....	\$ 32,347.34	\$ 83,213.96
TAX ACCRUALS.....	\$ 17,821.13	\$ 13,915.53
Total Operating Income—Deficit.....	\$ 50,668.47	\$ 97,129.49

Statement of Expenses, Etc., Accrued Prior to March 1, 1920, and Charged by the Canal & Dock Company to the United States Railroad Administration

OPERATING EXPENSES.		
MAINTENANCE OF WAY AND STRUCTURES.....	.....	Cr. \$9,050.91
Total Expenses Prior to March 1, 1920.....	.....	Cr. \$9,050.91

THE K. C. S. ELEVATOR COMPANY
Comparative General Balance Sheet, December 31, 1922

ASSETS	DECEMBER 31, 1922	DECEMBER 31, 1921	INCREASE	DECREASE
INVESTMENTS.				
Property Investment.....	\$174,850.61	\$ 63,192.27	\$111,658.34	
CURRENT ASSETS.				
Cash.....	\$ 3,890.54	\$ 328.95	\$ 3,561.59	
Miscellaneous Accounts receivable.....	1,875.00	2,532.95		\$657.95
Total Current Assets.....	\$ 5,765.54	\$ 2,861.90	\$ 2,903.64	
UNADJUSTED DEBITS.				
Rents and Insurance Premiums paid in advance.....	\$ 1,317.81	\$ 1,237.91	\$ 79.90	
Other Unadjusted Debits.....	103.00	32.05	70.95	
Total Unadjusted Debits.....	\$ 1,420.81	\$ 1,269.96	\$ 150.85	
Grand Totals.....	\$182,036.96	\$ 67,324.13	\$114,712.83	

LIABILITIES	DECEMBER 31, 1922	DECEMBER 31, 1921	INCREASE	DECREASE
CAPITAL STOCK.	\$ 25,000.00	\$ 25,000.00		
LONG-TERM DEBT.				
Nonnegotiable Debt to Affiliated Companies:				
Open Account—The Kansas City Southern Ry. Co.	\$110,544.03	\$103,544.03	\$ 7,000.00	
CURRENT LIABILITIES.				
Audited Accounts and Wages payable.....	\$ 15,712.47	\$ 5,165.69	\$ 10,546.78	
Miscellaneous Accounts payable.....		147.17		\$147.17
Total Current Liabilities.....	\$ 15,712.47	\$ 5,312.86	\$ 10,399.61	
DEFERRED LIABILITIES.				
Other Deferred Liabilities—Moore-Seaver Grain Co.....	\$101,000.00		\$101,000.00	
UNADJUSTED CREDITS.				
Tax Liability.....	\$ 740.04	\$ 1,517.46		\$777.42
Other Unadjusted Credits.....	1,250.00	1,250.00		
Total Unadjusted Credits.....	\$ 1,990.04	\$ 2,767.46		\$777.42
Total Liabilities.....	\$254,246.54	\$136,624.35	\$117,622.19	
CORPORATE DEFICIT.				
Profit and Loss debit balance.....	72,209.58	69,300.22	2,909.36	
Grand Totals.....	\$182,036.96	\$ 67,324.13	\$114,712.83	

The above Balance Sheet as at December 31, 1922, in our opinion correctly shows the financial position of The K. C. S. Elevator Company at that date as an individual Company, and is included in the Combined Balance Sheet of The Kansas City Southern Railway Company and its Subsidiary Companies.
134 SOUTH LA SALLE STREET,
CHICAGO, April 12, 1923.

PRICE, WATERHOUSE & CO.

THE K. C. S. ELEVATOR COMPANY
Comparative Statement of Revenues, Expenses and Income for the Year Ended
December 31, 1922

	1922	1921
OPERATING REVENUES.		
INCIDENTAL.....	\$ 7,500.00	\$ 7,500.00
Total Operating Revenues.....	\$ 7,500.00	\$ 7,500.00
OPERATING EXPENSES.		
MAINTENANCE.....	\$10,124.49	\$17,903.00
GENERAL.....	5.75	
Total Operating Expenses.....	\$10,130.24	\$17,903.00
Net Revenue from Operations—Deficit.....	\$ 2,630.24	\$10,403.00
TAX ACCRUALS.....	490.80	2,302.93
Total Operating Income—Deficit.....	\$ 3,121.04	\$12,705.93
NONOPERATING INCOME.....	\$ 182.30	\$ 36.55
Gross Income—Deficit.....	\$ 2,938.74	\$12,669.38
Net Income—Deficit.....	\$ 2,938.74	\$12,669.38
Profit and Loss Account for the Year Ended December 31, 1922		
	DEBITS	CREDITS
Debit Balance at beginning of year.....	\$69,300.22	
Miscellaneous Credits.....		\$ 33.88
Miscellaneous Debits.....	4.50	
Debit Balance transferred from Income.....	2,938.74	
Debit Balance carried to Balance Sheet.....		72,209.58
Totals.....	\$72,243.46	\$72,243.46

**THE KANSAS CITY SOUTHERN RAILWAY COMPANY
AND ITS SUBSIDIARY COMPANIES**
Combined Balance Sheet, December 31, 1922

ASSETS		
INVESTMENTS.		
Investment in Road and Equipment	\$104,940,344.02	
Deposits in lieu of Mortgaged Property sold	63,137.73	
Miscellaneous Physical Property	5,655,034.47	
Investments in Affiliated Companies:		
Stocks	\$ 193,334.33	
Notes	18,502.90	
Advances	122,847.67	334,684.90
Other Investments:		
Stocks	\$ 852.82	
Notes	25,580.20	
Miscellaneous	36,644.58	63,077.60
Total Investments		\$111,056,278.72
CURRENT ASSETS.		
Cash	\$ 3,092,377.52	
Special Deposits	1,036,919.01	
Loans and Bills receivable	12,248.20	
Traffic and Car-service Balances receivable	679,762.75	
Net Balance receivable from Agents and Conductors	126,101.24	
Miscellaneous Accounts receivable	633,695.19	
Material and Supplies	2,154,395.43	
Interest and Dividends receivable	9,321.38	
Other Current Assets (including U. S. Liberty Loan Bonds, at par, \$501,500.00)	535,336.07	
Total Current Assets		8,280,156.79
DEFERRED ASSETS.		
Working Fund Advances	\$ 13,235.21	
Other Deferred Assets:		
U. S. Government accounts	\$5,814,279.97	
Other accounts	37,526.88	5,851,806.85
Total Deferred Assets		5,865,042.06
UNADJUSTED DEBITS.		
Rents and Insurance Premiums paid in advance	\$ 94,485.42	
Property Abandoned chargeable to Operating Expenses	269,980.20	
Other Unadjusted Debits:		
U. S. Government—Accrued Standard Return	\$3,151,550.80	
U. S. Government—Income Guaranty	668,120.43	
U. S. Government—Interest on Additions and Betterments	109,212.69	
Other accounts	489,125.27	4,418,009.19
Total Unadjusted Debits		4,782,474.81
Grand Total		\$129,983,952.38

**THE KANSAS CITY SOUTHERN RAILWAY COMPANY
AND ITS SUBSIDIARY COMPANIES**

Combined Balance Sheet, December 31, 1922

LIABILITIES			
CAPITAL STOCK.			
Common Stock:			
Book Liability	\$30,000,000.00		
Held by or for Company	40,100.00	\$29,959,900.00	
Preferred Stock:			
Book Liability	\$21,000,000.00		
Held by or for Company		21,000,000.00	
Total Capital Stock			\$ 50,959,900.00
GOVERNMENTAL GRANTS.			
Grants in Aid of Construction			511.70
LONG-TERM DEBT.			
First Mortgage 3 Per Cent. Gold Bonds, due April 1, 1950	\$30,000,000.00		
Refunding and Improvement Mortgage 5 Per Cent. Gold Bonds, due April 1, 1950 ..	18,000,000.00		
First Mortgage 4 Per Cent. Gold Bonds, due August 1, 1927 (of Subsidiary Company)	\$ 150,000.00		
Owned by Company	24,000.00	126,000.00	
Equipment Trust 5 Per Cent. Gold Notes		248,000.00	
Equipment Trust No. 34, 6 Per Cent. Gold Notes		826,800.00	
Purchase Money Obligations secured by Bonds		47,440.10	
Total Long-term Debt			40,248,240.10
CURRENT LIABILITIES.			
Loans and Bills payable:			
U. S. Government	\$ 550,000.00		
Traffic and Car-service Balances payable	838,215.02		
Audited Accounts and Wages payable	1,808,065.82		
Miscellaneous Accounts payable	7,369.54		
Interest Matured unpaid	497,815.00		
Dividends Matured unpaid	4,858.00		
Unmatured Dividends declared	210,000.00		
Unmatured Interest accrued	375,844.02		
Unmatured Rents accrued	9,747.65		
Other Current Liabilities	150,101.30		
Total Current Liabilities			4,452,016.35
DEFERRED LIABILITIES.			
Other Deferred Liabilities			
U. S. Government accounts	\$ 9,236,443.62		
Other accounts	511,508.17		
Total Deferred Liabilities			9,747,951.79
UNADJUSTED CREDITS.			
Tax Liability	\$ 830,077.22		
Accrued Depreciation	1,164,314.14		
Other Unadjusted Credits	1,140,378.48		
Total Unadjusted Credits			3,134,769.84
CORPORATE SURPLUS.			
Additions to Property through Income and Surplus	\$ 351,570.31		
Appropriated Surplus not specifically invested	208,548.91		
Profit and Loss credit balance	11,880,443.38		
Total Corporate Surplus			12,440,562.60
Grand Total			\$129,983,952.38

NOTE.—In the above statement all intercompany accounts are eliminated, so that the Combined Balance Sheet shows the Liabilities to the public and the Assets available against the same.

We have examined the books and accounts of The Kansas City Southern Railway Company and its Subsidiary Companies for the year ended December 31, 1922, and we certify that, in our opinion, the above Combined Balance Sheet is properly drawn up therefrom and correctly sets forth the financial position of the Companies at that date, subject to such adjustment as may be required in the settlement of U. S. Government accounts.

134 SOUTH LA SALLE STREET,
CHICAGO, April 12, 1923.

PRICE, WATERHOUSE & CO.

THE KANSAS CITY SOUTHERN RAILWAY COMPANY AND ITS SUBSIDIARY COMPANIES

Combined Income Account for the Year Ended December 31, 1922

OPERATING REVENUES.		
Freight	\$16,388,450.65	
Passenger	2,213,288.27	
Switching	755,715.12	
Excess Baggage	20,599.46	
Special Service Train	5,884.60	
Mail	219,260.37	
Express	443,637.43	
Other Freight-train	3,372.46	
Other Passenger-train	3,364.14	
Incidental	204,447.23	
Joint Facility	267,777.93	\$20,525,797.66
OPERATING EXPENSES.		
Maintenance of Way and Structures	\$ 2,686,293.47	
Maintenance of Equipment	4,109,411.63	
Traffic	502,993.70	
Transportation—Rail Line	7,076,357.72	
General	947,845.63	
Transportation for Investment—Cr.	12,548.48	15,310,353.67
Net Revenue from Operation		\$ 5,215,443.99
Tax Accruals	\$ 1,348,472.37	
Uncollectible Railway Revenues	5,582.69	1,354,055.06
Total Operating Income		\$ 3,861,388.93
NONOPERATING INCOME.		
Rent from Locomotives	\$ 52,287.98	
Rent from Passenger-train Cars	39,687.87	
Rent from Work Equipment	5,553.58	
Joint Facility Rent Income	180,357.47	
Income from Lease of Road	1,252.19	
Miscellaneous Rent Income	21,607.59	
Miscellaneous Nonoperating Physical Property	41,414.10	
Income from Funded Securities	383.25	
Income from Unfunded Securities and Accounts	96,576.63	
Miscellaneous Income:		
Revenues Prior to January 1, 1918	\$ 6.73	
Other Miscellaneous Income	1,666.82	1,673.55
Gross Income		\$ 4,302,183.14
DEDUCTIONS FROM GROSS INCOME.		
Hire of Freight Cars—Debit balance	\$ 470,627.45	
Rent for Locomotives	43,215.41	
Rent for Passenger-train Cars	53,644.65	
Rent for Work Equipment	5,143.63	
Joint Facility Rents	254,293.75	
Miscellaneous Rents	Cr. 2,592.10	
Miscellaneous Tax Accruals	788.95	
Interest on Funded Debt	1,870,308.97	
Interest on Unfunded Debt	80,540.38	
Miscellaneous Income Charges:		
Expense Prior to January 1, 1918	Cr. \$.30	
Current Charges	25,822.36	25,822.06
Net Income		\$ 1,500,389.99
DIVIDEND APPROPRIATIONS OF INCOME.		
Dividends on Preferred Stock		840,000.00
Income Balance transferred to Profit and Loss		\$ 660,389.99

Combined Profit and Loss Account for the Year Ended December 31, 1922

	DEBITS	CREDITS
Credit Balance at beginning of year		\$11,317,574.65
Adjustment of Property Values—The Poteau Valley R. R. Co.		13,658.98
Credit Balance transferred from Income		660,389.99
Profit on Road and Equipment sold		11,836.51
Unrefundable Overcharges		5,033.03
Donations		187,791.09
Miscellaneous Credits		82,660.44
Surplus Appropriated for Investment in Physical Property	\$ 187,791.09	
Debt Discount Extinguished through Surplus	5.03	
Loss on Retired Road and Equipment	76,352.11	
Miscellaneous Debits	127,140.23	
Reserves for Property Replacement	7,212.85	
Credit Balance carried to Balance Sheet	11,880,443.38	
Totals	\$12,278,944.69	\$12,278,944.69

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TWENTY-FOURTH ANNUAL REPORT

OF

THE KANSAS CITY SOUTHERN RAILWAY COMPANY

FOR THE

FISCAL YEAR ENDED DECEMBER 31, 1923